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East Europe Report

ECONOMIC AND INDUSTRIAL AFFAIRS

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INTERNATIONAL AFFAIRS

ADAPTATION TO INDIVIDUAL DIFFERENCES WITHIN CEMA AIDS GROWTH

East Berlin WIRTSCHAFTSWISSENSCHAFT in German Vol 32 No 10, Oct 84 pp 1458-1470

[Article by Kurt Hoevelmans, doctor of economics, senior scientific assistant at the Institute for Economy and Policy for Socialist Nations, Academy of Social Sciences with the SED Central Committee; Prof Ulrich Thiede, doctor of economics, deputy director of the same institute: "Socialist Economic Integration--Integral Component of the Growth-oriented Economic Strategy of the Eighties"]

[Text] In the 35 years of the GDR development the SED has always paid great attention to deepening the all-around cooperation with the USSR and all other states of the socialist community. The experiences gathered in this connection and the economic results achieved especially since the early 70's in the GDR and the other countries of the socialist community confirm the "correctness of the collectively developed course for deepening the cooperation and development of socialist economic integration, which became an important factor of all-around progress of each fraternal country and of the approximation of their economic level of development."¹

The 35-year cooperation of the CEMA member countries convincingly demonstrates the advantages of the international socialist division of labor and cooperation for the economic strengthening of each country and of the CEMA community as a whole. Contrary to all "prophecies" of the bourgeois ideologists about the "absence of a future" and the "worthlessness" of CEMA, the CEMA community has proved to be the most dynamic economic region in the world.

As Table 1 indicates, the 1983 national income of the CEMA countries was 8.6 times that of 1950 and the volume of industrial production was 14 times as big as in 1950. The rate of growth of the national income and of industrial production of the CEMA countries significantly surpassed that of the capitalist industrial countries. As a result, the share of the CEMA countries in the world industrial production has grown to one third. The CEMA countries with barely one tenth of the world population and roughly 19 percent of the world territory, today produce one quarter of the national income and one fifth of the agricultural production of all countries in the world. They possess more than roughly one third of the world's total scientific-technical potential.

Table 1: Indexes of National Income and Industrial Production of Various Country Groups (1950 = 100)

<u>Index</u>	<u>Country Group</u>	<u>1960</u>	<u>1970</u>	<u>1980</u>	<u>1983</u>
Produced national income	CEMA	250	480	800	860
	OECD	150	240	330	340
	Developing countries	160	280	480	530
Industrial production	CEMA	300	680	1300	1400
	OECD	160	280	390	380
	Developing countries	230	460	740	760

Source: "USSR in Figures in 1983," Moscow 1984, p 52 (Russian)

This superiority has also become evident quite recently. Thus industrial production of the CEMA countries in the past three years has increased by nearly 10 percent while that of the capitalist countries has declined by 0.6 percent. The positive development of the CEMA countries, their increased economic strength, was a foundation of their policy of peace and international detente, of the policy of societal and social progress, of social security and safety and of the national prosperity developed on this basis. Based on the increased economic strength, the advantages of the socialist planned economy, the unity and cohesiveness of the socialist community, the CEMA member countries are able, as was stated at the CEMA economic conference in Moscow, to tackle and successfully solve the most complicated tasks. The participants in the CEMA economic conference noted "that there are still important reserves for expanding mutual cooperation, for deepening specialization and cooperation of production, for increasing mutual action in the interest of more effective utilization of the production and scientific-technical potential of the fraternal countries and for raising the prosperity of their peoples."²

The conference participants, after thorough analysis, reached the conclusion that the CEMA member countries possess everything that is needed to raise mutual cooperation to a new level and to focus on the tasks that ensue from the changes in the internal and external conditions that have developed in recent years. Basically what is involved in this connection is the increasingly more complete utilization of the advantages of socialist economic integration for the intensification of social production. What is especially involved is the "accelerated conversion of the economy to the intensive path and increase of its effectiveness through perfection of the structure of social production, efficient and economical utilization of the available material and manpower resources and better utilization of the original capital and of the scientific-technical potential."³

The economic conference approved as further important tasks in the present stage:

"Guaranteeing the further growth of social production as a foundation for strengthening the material-technical base of the socialist society for raising the prosperity of the people;

"Raising the technical level, the reliability, the life and the quality of the products, expansion and acceleration of the replacement of their assortment;

"Development of the export potential, especially in the branches of the processing industry;

"More efficient distribution of the location of the productive forces;

"Acceleration of the step-by-step adjustment of the economic level of development of the CEMA member countries and in the first place of the Socialist Republic of Vietnam, the Republic of Cuba and the Mongolian People's Republic to the level of the European CEMA countries."⁴

Starting from these general goals of the further cooperation, it was agreed:

--to take a new step toward deepening the coordination of the economic policy;

--to concentrate coordination of economic planning on the solution of the priority tasks and on making it the principal instrument of coordination of the economy in the fields connected with mutual cooperation;

--to ensure broad development of production cooperation and establishment of direct relations between associations, combines, enterprises and organizations;

--to prepare a complex program of scientific-technical progress for the next 15-20 years;

--to deepen cooperation in machine building and to direct it at the supply of decisive branches of production with machines of high quality and technical world level, whereby special importance is attached to the development of electronics, microprocessor technology and robotics;

--to concentrate the common efforts concerning the solution of the energy and raw material problems more strongly on effective exploitation, processing and efficient use of the raw materials and sources of energy;

--to change the structure of energy production and to expand cooperation in the priority development of nuclear energy and better utilization of all other kinds of energy sources;

--to direct the common efforts towards the development of the agricultural-industry complex to increase production of foodstuffs;

--to significantly increase consumer goods production by closer cooperation and strengthening of the raw materials base;

--to make the mechanism for cooperation within the CEMA framework more effective.

It is the aim of all these measures to accelerate the process of intensification and thus the production and its effectiveness in the interest of raising the

prosperity of the peoples and the further shaping of the socialist society. Comprehensive intensification has proved to be the only possible strategy to master the challenge of the 80's. "Political stability, economic dynamics, uninterrupted continuation of the unity of economic and social policy for the welfare of the people are of vital importance for our contribution to the safeguarding of peace."⁵

The growing importance of a stable dynamic economic growth as a prerequisite for strengthening the international positions of socialism is decisively determined by the fact that the states of the socialist community must concentrate their potential on the simultaneous solution of two strategic tasks: safeguarding of peace, especially the prevention of nuclear war, and the further successful development of socialism. In this connection, the shaping or perfection of developed socialism in a number of CEMA countries and the transition to intensively expanded reproduction connected therewith prove to be key problems for the continued social progress of real socialism as well as also for guaranteeing the military-strategic balance as a vital condition of safeguarding peace. Both strategic tasks are mutually dependent.

The entire activity of the CEMA member countries serves these tasks by contributing "to the strengthening of their mutual cooperation with the goal of a dynamic and harmonious development of the economy of each country and of the entire community of the CEMA member countries on the basis of all-around intensification of production."⁶ This dynamic of social development inherent in socialism now continues to grow in connection with the new higher requirements of shaping or perfecting the developed socialist society, scientific-technical revolution and international development.

Incorporated in this dynamic of social development is the intensification of production which assumes an increasingly comprehensive character. Socialist economic integration is an important condition of the intensively expanded production. In this connection the necessity for mutual economic cooperation is reinforced by the scientific-technical revolution. The qualitatively new demands emanating from the scientific-technical revolution in our opinion are connected above all with the following aspects of the present development of the productive strength.

Firstly, the rate of change of knowledge and the expenditures for research and development as well as for the replacement and modernization of the production equipment grow.

Secondly, productive utilization of scientific-technical findings, the investments connected therewith and the required expenses for actual production force each country to concentrate on selected fields of science and technology and thus to specialize and cooperate.

Thirdly, the greater expansion of the product assortment triggered by the scientific-technical development leads to further subdivision of production and thus to the necessity to deepen international specialization and co-operation of production in the interest of the effectiveness of the production.⁷

Fourthly, the worldwide limitation of resources and the necessity of lowering the production costs confronts all CEMA countries with the task of carrying out a complex of measures in close cooperation, measures directly aimed at the economical and rational use of the energy sources and raw materials as well as at the reduction of the energy and material intensity of production.

Fifthly, the development of modern, highly efficient technologies and mass production demands a corresponding receptive market. The community of the CEMA countries with its close to 445 million people has a market that can guarantee the sale of an effective mass production.

All these factors and development trends accelerate the process of internationalization of economic life and provide it with a quantitatively new role in raising the effectiveness of production and of economic growth. Thus socialist economic integration has become an important condition of further continuous economic growth, of the stable development according to plan in the CEMA member countries. To better utilize the potentials of socialist economic integration resulting from the objective production conditions, their contribution to raising the economic effectiveness must be noticeably and permanently increased. In view of the complex international political and economic situation and in the interest of a speedier social development, economic and scientific-technical cooperation of the CEMA member countries must be raised to a higher level which corresponds to the requirements of socialist development under the conditions of the 80's and at the same time noticeably counteracts the imperialist boycott and sanctions measures.

Building on the many positive results and experiences in the implementation of the complex program for the further deepening and perfection of the cooperation and development of the socialist economic integration, what is essentially involved in the 80's is to place the integration processes even more consistently in the service of intensification and to concentrate on the comprehensive utilization of the qualitative factors of economic growth. Thus it must be achieved that the growth of the national income finally exceeds that of the objective conditions of production, that production grows more rapidly than the use of resources. Because of the actually available reserves, whose development and increasingly more effective utilization will be possible and increasingly also necessary in the progress of the intensification process, it will become necessary within the next few years to guarantee stable production growth with a temporarily declining physical volume of raw materials and energy sources.

The starting conditions for the transition to the intensively expanded reproduction differ in the various European CEMA countries; this relates to the level of development of the productive forces and of the production conditions, the degree of industrialization of the economies, the extent of the economic and scientific-technical potential, the use of their own energy and raw material resources, the importance of the foreign economic relations, economic structures that have grown historically, geographic and climatic conditions and the like. But the objective conditions for stable economic growth have fundamentally changed in the past few years. As late as the 50's and 60's and in part even to the mid-70's, economic growth in the majority of the European CEMA member countries was based on extensive sources such as

--the supply of manpower to industry and construction, especially by release of manpower from agriculture and increasing the capacity utilization rate;

--expanding the material-technical base by extensive investments as part of socialist industrialization;

--expansion of the energy and raw material base by developing raw material deposits and expansion of energy and raw material imports.

In the 80's, all European CEMA member countries are faced with the task of step by step but consistently changing the growth relations between national income and production consumption, so that the specific production consumption per unit of end product does not continue to increase and finally even declines. Thus a new stage of the intensification process is reached after the transition to a growth of industrial production predominantly based on the increase in labor productivity had taken place in all European CEMA countries up to the mid-70's.

Table 2: Shares of the Increase of Labor Productivity in the Growth of Industrial Production (in Percent)

	1966-1970	1971-1975	1976-1980	1981-1982
Volksrepublik				
(1) Bulgarien	58	71	88	73
Ungarische				
(2) Volksrepublik	54	97	100	100
(3) DDR	87	81	93	85
Volksrepublik				
(4) Polen	57	69	93	.
Sozialistische				
Republik				
(5) Rumänien	57	43	67	.
(6) UdSSR	62	79	65	76
(7) ČSSR	77	89	85	83

Key:

1. People's Republic of Bulgaria
2. Hungarian People's Republic
3. GDR
4. Polish People's Republic
5. Socialist Republic of Romania
6. USSR
7. Socialist Republic of Czechoslovakia

Calculated according to the "1983 Statistical Yearbook of the CEMA Member Countries," Moscow 1983, pp 55, 130 (Russian); "Development of the Economy of the CEMA Member Countries, 1971-1980. Economic Statistics Survey," Moscow 1981, p 41 (Russian).

Now the task consists in taking new steps in the direction of a comprehensive intensification that will lead to a further convergence of the growth rates of production and productivity. It is important now in the interest of further economic growth to help provide priority effect to the qualitative factors of economic growth. They are especially:

--scientific-technical progress,

--utilization of the qualification potential and increase in the creative power and initiative of the workers,

--more efficient use of the capital assets.

It is decisive that the intensive factors of reproduction predominate and determine the reproduction process in its entirety. This does not exclude new construction of enterprises or the expansion of production facilities, especially in the branches decisive for scientific-technical progress. But this expansion of the production fund, which practically entails an "expansion of the field of production," the creation of new jobs, is also directed towards the intensification of the entire reproduction process, the increase of its effectiveness, whereby the manpower required for the new enterprises or plant expansions must be released by rationalization. Positive experiences in this regard were gathered by the "Schwedt initiative" in the GDR.

Intensification is to be carried out as a comprehensive economic task. It comprises all branches and fields of the economy and by its nature constitutes permanent rationalization of the entire reproduction process, uninterrupted reduction of costs and constant replacement of products, processes and technologies based on the latest findings of science and technology, and in large economic dimensions. The ten key points of the economic strategy which the Tenth SED Congress adopted for the development of the GDR economy in the 80's and which in their nature coincide with the basic directions of the economic policy of the fraternal parties and governments of other European CEMA member countries show the directions and paths for the comprehensive transition to the intensively expanded reproduction and take into account the requirements of the economic laws of socialism. Accordingly,

--scientific-technical progress increasingly becomes the principal factor for increasing production and effectiveness,

--production increases must be achieved with the same or declining manpower,

--measures to reduce production costs, especially the demand for energy and raw materials, come to the fore in regard to intensification,

--more efficient use of the available basic production assets gains increasing importance,

--the advantages of the international division of labor, especially in the CEMA framework, become an important factor of effectiveness for all participating economies,

--the production increase must be achieved with a reduction of labor input per unit of product.

The decline of economic growth rates that occurred at times in some CEMA countries in the second half of the 70's/early 80's was caused above all by the fact that the extensive sources of growth were exhausted at a time when the transition to intensification had not yet taken place, the intensive growth factor had not yet received sufficient effect. This problem was intensified by the price rises of the production resources, especially of the energy sources and raw materials, which grew more rapidly because of the precipitous jump of the prices on the capitalist world market than the effects of the first steps of intensification. This restricted the funds for the rapid changeover of the economy to the requirements of the intensively expanded reproduction (development and acceleration of scientific-technical progress, complex rationalization of the economy, implementation of necessary structural changes etc). It should also be taken into account that at that time the development of the material-technical base of socialism had not yet been concluded and thus the process of the transition to the intensively expanded reproduction still possessed notable extensive features.

As a consequence, the growth rates of the produced national income in the second half of the 70's and early 80's were below those of earlier years (cf. Table 3).

Table 3: Average Annual Growth Rates of the National Income and of Industrial Production of the CEMA and OECD Countries (percentage on the basis of comparable prices).

<u>Index Figure</u>	<u>Country Group</u>	<u>1951- 1983</u>	<u>1971- 1983</u>	<u>1981- 1983</u>	<u>1983</u>
Produced national income	CEMA	6.7	4.6	2.6	3.7
	OECD	3.8	2.8	1.3	2.5
Industrial production	CEMA	8.3	5.6	3.9	4.3
	OECD	4.2	2.4	-0.2	2.5

Source: "USSR in Figures in 1983," Ibid., p 52

The changes in the reproduction conditions triggered contradictory effects in the European CEMA countries as regards economic growth; the changes include factors promoting economic growth, such as the developed efficient economic and scientific-technical potential or the deepening economic cooperation of the CEMA countries as well as factors inhibiting economic growth, including especially effects caused by the imperialist overarmament and confrontation policy. Decisive for the effective offsetting of "negative" effects is in every case the efficiency, mobilization and effective utilization of the advantages and driving forces of socialism. These include--in this connection--also the processes of economic cooperation and socialist economic integration.

It can be attributed above all to the special features of the linking of changes of the internal and external reproduction conditions in the 80's when the transition to comprehensive intensification is now consistently made.

Of course there are numerous differences in the degree of the development of objective and subjective conditions for comprehensive intensification, the level of effectiveness of qualitative growth factors--especially of scientific-technical progress--, in the experiences with intensive reproduction processes. For the countries this has the effect that the intensification program will display special features concerning their priorities, pace and methods to be used; generally valid is the necessity to achieve more intensive effects for the factors promoting economic growth and to offset impeding factors. In this connection, those tasks are to be developed which under the concrete conditions of each country help implement the most effective variant of comprehensive intensification, whereby the advantages of the economic cooperation of the CEMA member countries are to be used more effectively.

With all differences in the status of intensification, the development of economic effectiveness has priority in the next few years in all countries. It is the basis for qualitative and quantitative expansion of production. In this sense we are dealing with similarity of the economic processes taking place and thus also with a degree of similarity of the tasks to be accomplished. The fraternal parties agree on the following directions:

- consistent transition to intensification of the economic reproduction processes with priority development and utilization of qualitative growth factors;

- ambitious goals for the increase of social labor productivity, for the reduction of the specific material, raw material and energy consumption and for the improvement of the capital assets economy;

- acceleration of scientific-technical progress, which is primarily based on an effective utilization of the scientific-technical potential and on a more effective link of science and production with conscious utilization of the advantages of socialism;

- stepped-up development of one's own energy and raw material base, efficient use of natural resources and far-reaching utilization of secondary raw materials;

- increasing the effectiveness of the investments;

- a higher effectiveness of the foreign trade and payments relations;

- a close link of the measures for further raising the standard of living with the consistent implementation of the socialist performance principle;

- perfecting management, planning and economic stimulation of the economy.

The common interest in further deepening the socialist economic integration, the goals of the integration processes and the main directions of perfecting their forms and methods are considerably determined by these identical tasks.

The individual fraternal countries are solving the tasks in the shaping of the economy of developed socialism especially by intensification of social production, according to their concrete specific conditions. Decisive for economic progress are not the differences in the forms, in the manner of intensification, but it is decisive that comprehensive transition to the intensively expanded reproduction is purposefully aspired to and accomplished in all fraternal countries. For the progress in raising labor productivity and the effectiveness of production are determined by the progress in the intensification of social production, by the pace of the transition to the intensively expanded production. The increase in labor productivity and the raising of the effectiveness of the production are increasingly becoming the decisive sources of economic growth in the European CEMA member countries. Characteristic in this connection is the type of reproduction that economizes on resources, because it exerts the biggest influence on the increase of the national income under the prevailing conditions. For at present the share of production consumption in the total cost in the European CEMA member countries amounts to nearly two-thirds. Under the conditions of intensively expanded reproduction--and also the transition to it--it is important to make the growth relations between production consumption and net product more favorable. Analogous observations apply to the development of the relations between productivity and fund allocation of labor or between national income or labor productivity and the one-time expenditure.

In the GDR the expenditure of economically important energy sources, raw materials and fuels declined 5.4 percent in 1981, 8 percent in 1982 and 7 percent in 1983 as compared to only 2.7 percent on an annual average during the 1976-1980 five-year plan period. As a result, an important increase in national income became possible in addition to other important effects. "Economizing on human labor and on material, making better use of existing capital assets and investments--only all this taken together provides the yield that we need. What is always important to us is the total economic result in its proportion to the total expenditure of resources. In the future, our production growth will be achieved to the greatest extent possible by an increase in effectiveness."⁸ Therefore by intensively expanded reproduction, achievement must be made so that:

--the growth of the national income surpasses the growth of the objective conditions of production,

--labor productivity grows more rapidly than goods production and the cost of human and objectified labor,

--goods production increases more rapidly than the growth of the capital assets of production,

--steady growth of production is linked with declining specific consumption of energy, raw materials and materials.

This requires in the first place a high rate of scientific-technical progress, especially in technology and in the organization of production. Herein lies the key to a high effectiveness of production.

Comprehensive socialist intensification also places high demands on the purposeful development and efficient use of the social labor assets, for man is the principal productive force and human labor the decisive source of social wealth. This includes the efficient use of manpower according to qualification, perfection of the socialist educational system and development of the creative initiative of the workers.

For the solution of all these tasks, important conditions have been created in the 70's by the development of the material-technical and scientific base as well as by the socialization of production and labor, the qualification of management, planning and economic stimulation and the deepening of cooperation among the CEMA member countries. All this enables the CEMA member countries to make the increase in effectiveness into the main source of economic growth to attain a higher rate of growth of the national income. Socialist economic integration with its material main processes promotes this process and contributes to expanding and strengthening the production and effectiveness-raising effects of the qualitative growth factors.

Among other things, the following requirements on socialist economic integration are derived from the necessity of a significantly more effective use of all potentials of international socialist socialization of production and labor as a condition and a factor of an intensive dynamic economic growth.

Firstly, maximum effectiveness becomes the decisive criterion for the development of the integration processes. Therefore, the more effective use of the international division of labor in science and production achieves greater importance. It is important to organically link the socialization processes within and among the economies of the CEMA member countries so that optimum conditions develop for increasing productivity, acceleration of scientific-technical progress and a more effective satisfaction of demand for products and services.

Secondly, greater effectiveness of measures of socialist economic integration demands maximum encouragement of the effect of qualitative growth factors, of all intensification factors. Among other things, this requires closely linking scientific-technical cooperation with specialization and cooperation of production and to concentrate the complex integration measures on such innovative processes in science, technology and production that promote the intensification of production and guarantee a high practical economic effect. The requirement ensues for international socialist specialization and cooperation of production to actively encourage a highly effective production of products with technical top level in numbers to meet demand. The cooperation relations are to be so developed that they make possible flexible reactions to dynamic changes in the development of productive forces, in the available resources or the market conditions or exercise an active influence on the development of these conditions and factors.

Thirdly, with the integration measures the complexity of the reproduction process must be more taken into account. Socialist economic integration exerts its economic effects on all phases of the social reproduction process; it has lasting influence especially on the cycle of "science--technology--production--

achievement of the product." Measures of socialist economic integration under the conditions of the new stage of intensification then correspond to the economic interests of all partners if they effectively contribute in every participating country

--to increasing the effectiveness of science and technology and at the same time reducing the cost of scientific-technical preparation of production per unit of the economic final result;

--to raising productivity and level of the products;

--to achieving better utilization of the basic production assets, means of transportation, etc.

--to raising the ability of the economies to react flexibly to dynamic changes of the conditions;

--to strengthening the export strength.

Therefore it is necessary to determine the effectiveness of integration measures from many aspects, taking into account all these effects, the achieved main effects as well as the side effects. This assumes that integration measures are planned in a complex manner--from scientific-technical cooperation via specialization and cooperation of production to a sales and application concept of the specialized and cooperated products, which takes into account the economic interests of the participating partners.

An economic advantage for an industrial unit or branch must not in every case be tantamount to economic benefit, to make alternative decisions for guaranteeing it, to take balance sheets into account. It is necessary to rationalize the extraction and transportation of raw materials and fuels, to ensure effective processing and a higher degree of refining and to reduce decisively the specific consumption.

Fourthly, intensification makes higher demands on flexibility. The objective possibilities of priority utilization of qualitative factors of economic growth are decisively determined by the economic capacity and the ability for adaptation and innovation of the material-technical base of production. In the process of intensification, the capability of the economic organism acquires significant importance to fully utilize its economic potential, to raise its economic effectiveness, to renew it systematically, to continuously create the latest scientific-technical achievements and to integrate them organically into the existing reproduction cycle. In this connection, greater attention should be paid to the fact that the conditions of economic effectiveness are subject to changes. In recent years a series of criteria for the useful effect of economic cooperation has changed along with the change in the reproduction conditions. The economic effect of concrete contents, forms and methods of integration must now be judged by standards applicable to the 80's and for a longer perspective.

The general requirements for socialist economic integration cited here are primarily derived from the requirements of the intensification process. They

follow a set pattern and are closely linked with the achieved social progress. But at the same time they are also necessary to counter decisively and effectively for example the price increases of raw materials and fuels as well as certain negative influences of the capitalist international economy by joint efforts of the CEMA countries.

High requirements also arise for the further consistent perfecting of management, planning and economic stimulation from the more effective development of the interrelationships between intensification of social production and socialist economic integration. The aim must be to so perfect them that the integration processes can be more strongly concentrated on processes that promote intensification of the economies. In doing so, their advisability and their economic effectiveness must be judged, among other things, by criteria such as labor productivity, scientific-technical level and quality of the products, reduction of material consumption per product, capital effectiveness. From the objectively growing importance of the effectiveness criteria for economic cooperation the necessity arises to appropriately further perfect and more purposefully apply the entire set of instruments of the product-money relationship.

The development of socialist economic integration and thus also the rate at which the processes suitable for division of labor among the CEMA countries are developing in the future will be more strongly determined by the manner in which it will be possible to accomplish the transition to intensification in the economies of the CEMA member countries and thus at the same time utilize the contents of the principal processes, forms and methods of economic integration to raise the effectiveness of the economic reproduction process and of economic growth.

It applies to the international economic cooperation as it does within the economies: Reduction of costs is the first prerequisite for improving yield: flexibility, adaptability, elasticity and dynamic become the most important condition for a continuous development, uninterrupted upgrading as the basis of stability.

It is vital that economic and scientific-technical cooperation within CEMA is concentrated on the solution of the most important and most effective tasks, especially on raising the efficiency of the branches of industry vital to scientific-technical progress (machine building, electronics industry, apparatus production, chemical industry), on energy and raw material supply as well as on the creation of the material prerequisites for the expansion and quality improvement of consumer goods and foodstuffs production. In this connection, increasing efficiency and effectiveness of the transportation system also gain maximum importance. Key factors in this cooperation accordingly are the development of a highly effective production of electronic data processing installations, nuclear power plant equipment, equipment for extracting mineral resources; assembly of pipelines; erecting chemical and electronic industry installations; production of microelectronics components and appliance systems--especially for machine building, automatic manipulators and industrial robots with electronic control, equipment for the consumer goods industry and the field of services for the population, modern machine system for the further

intensification of agriculture and the foodstuffs industry. Of importance is also the development of highly productive material and energy saving technologies for such production as well as guaranteeing high technical quality and operational reliability of these products.

Thus the CEMA member countries will deepen cooperation for mutual benefit and will contribute to making the advantages of socialism even more effective.

FOOTNOTES

1. "Declaration on the Principal Directions of the Further Development and Deepening of Economic and Scientific-technical Cooperation of the CEMA Member Countries," in: "CEMA Economic Conference on Highest Level, of 12-14 Jun 84 in Moscow, Documents," Verlag Die Wirtschaft, Berlin 1984, p 18.
2. Ibid., p 19
3. Ibid.
4. Ibid., p 19 f
5. Seventh SED Central Committee Plenum, E. Honecker, "In Battle-filled Time We Are Successfully Continuing the Reliable Course of the Tenth Party Congress for Peace and Socialism," Dietz Verlag, Berlin 1983, p 23.
6. "Declaration on the Principal Directions....," op. cit., p 20.
7. At present about 20 to 25 million different industrial products are being manufactured worldwide that, categorized into 13,000 commodity groups, are produced in 740 branches of industry.
8. "Report of the Central Committee of the Socialist Unity Party of Germany to the Tenth SED Congress." Rapporteur: E. Honecker, Dietz Verlag, Berlin 1981, p 55.

12356

CSO: 2300/273

INTERNATIONAL AFFAIRS

BRIEFS

ROMANIAN-YUGOSLAV STEEL AGREEMENT--Bucharest, 6 Feb (AGERPRES)--A protocol was signed in Bucharest on the metal products exchange between the Romanian Ministry of Metallurgical Industry and the RMK Zenica Metallurgical combine of Yugoslavia in the ongoing year and over 1986-1990, as well as on the development and deepening of production specialization. [Text] [Bucharest AGERPRES in English 1634 GMT 6 Jan 85]

POLISH POSTERS EXHIBITION OPENS--An exhibition titled "40 years of People's Poland in posters" opened at the Bucharest History Museum of the Communist Party and the Revolutionary and Democratic Movement in Romania. The exhibition presents artistic posters depicting various spheres of socio-economic progress in Poland in the years since the country's liberation from fascist occupation. Representatives of the Romanian Ministry of Foreign Affairs, the Council for Socialist Culture and Education, and other organizations as well as the Polish ambassador to Bucharest were present. [Summary] [Bucharest SCINTEIA in Romanian 15 Feb 85 p 5]

ROMANIAN OFFICIAL VISITS CSSR--Nicolae Marin, deputy chairman of the State Planning Committee of the SR of Romania, was received on 13 February by Ladislav Gerle, CSSR deputy premier, to discuss the further development of mutual cooperation in economy, science, and technology--especially in the spheres of production cooperation and specialization. The reception was attended by Roman Cizek, deputy chairman of the CSSR's State Planning Commission; and Cornel Panzaru, Romanian ambassador to the CSSR. [Summary] [Bratislava PRAVDA in Slovak 14 Feb 85 p 2]

CSO: 2700/117

BULGARIA

COMMENT ON FULFILLMENT OF 1984 ECONOMIC PLAN

Sofia OTECHESTVEN FRONT in Bulgarian 24 Jan 84 p 1

[Article: "The Balance Sheet Which Makes Us Happy Also Obliges Us!"]

[Text] The Council of Ministers, with the participation of representatives of the executive committees of the okrug people's councils and the secretaries of the Central Council of Bulgarian Trade Unions, has discussed the results of fulfilling the Unified Plan for Socioeconomic Development in 1984. The initial prognoses were fully affirmed. Our economy continued to develop in an intensive way and at stable rates. The plan's basic indicators were fulfilled, as most of the chief tasks posited by the October National Conference were attained and surpassed. And if we can now say that net production has grown at a rate of 5.1 percent, the social productivity of labor by 5 percent, industrial production by 4.5 percent, retail commodity exchange by 4.6 percent, and combined profit by 7.5 percent, that means millions of workers honestly applied their minds and muscles to comply with their obligations in the state plan and their own pledges, which were dedicated to the 40th anniversary of our socialist revolution; they contributed to raising the entire nation's living standard further.

And when speaking about truly great contributions, the discussion that took place at the Council of Ministers showed one more question which is closely linked with the general fulfillment of the plan: the possibilities created for the people's incomes to rise here, and in correspondence with this the need for greater satisfaction of their needs for goods and services. The measure taken by the government is wholly a concrete one. It obliges all ministries, departments, executive committees and economic organizations to create the conditions for attaining this goal and to discover additional resources. It has also pointed out how to go about doing this, based on large-scale integration, to finish quickly the sites where work has begun, to create new small and medium-size enterprises. In other words, vision and foresight, as well as the most efficient utilization of present natural resources, and the skills of the people who could be most useful in one production direction or another.

Here we could make one more generalization. Against the background of the general successes achieved in the past year, the Council of Ministers, in keeping with our April Line for democratizing the management functions, for

offering the maximal operating independence to individual administrative and production units, assigned to each of these the task of making a thorough analysis of the results of their activity in the past year and outlining measures for totally fulfilling their production tasks, as well as the plan for 1985. The path is well known, it has been pointed out in the resolutions of the 12th Party Congress, in the plenums of the Central Committee of the Bulgarian Communist Party and national conferences that followed it, in the theoretical elaborations and practical conclusions drawn up during this period by Comrade Todor Zhivkov. Now we must develop goal-oriented engineering programs and use them to ensure a sharp rise in the productivity of labor, the most economical use of raw materials, materials, fuel and energy, and a decisive rise in the quality of production. This will undoubtedly be achieved only through rapid utilization in practice of highly efficient scientific-technical achievements and especially automated systems and by seeking optimal resolutions for consistent application of the economic mechanism, and turning the counterplans of workers' collectives into plans for scientific-technical progress.

Against the background of these requirements, which are linked to extremely important problems, one more problem was revealed that seems especially current right now: the production of electrical energy. The Council of Ministers took additional measures to ensure in 1985 normal electrical energy supply. The necessary fuels for operating power plants at full capacity will be obtained in time. But along with this the responsibility of the workers' collectives there also increases, because they must ensure the safe operation of each piece of equipment. The responsibilities of the builders and installers who are building new power supply capacities are also great.

The high rate of socioeconomic development in our country undoubtedly requires very rapid construction of these capacities. But the normal supply of electrical energy does not at all mean an unlimited supply, but one which is rational and which corresponds to the needs of production and domestic life. In this respect we are all debtors, from homemakers to large industrial enterprises.

Starting on 1 February, the cost of electrical energy will rise by 5 percent for all users, except for domestic consumers. This is one more rational measure which is oriented toward achieving greater savings. Many enterprises exceed their prescribed limits, do not apply efficient technologies and rational spending norms per unit of production. The measures for saving electricity must necessarily become a part of the collectives' counterplans and goal-oriented programs.

The thrifty and wise use of energy resources must become a matter for the whole nation, a basic task for ministries, economic organizations and enterprises, for the executive committees of people's councils. The cooperation of social organizations, especially the Fatherland Front activists, who must usefully influence each household in varied and interesting ways, will be very valuable, because the greatest source of economy is in consumption itself.

BULGARIA

EMINENT WRITER DWELLS ON DISCIPLINE IN PRODUCTION

Sofia LITERATURE FRONT in Bulgarian 31 Jan 85 p 6

[Article by Slav G. Karashevov: "Let's Begin With Ourselves"]

[Text] The problem of discipline did not start yesterday, or even the day before that. Discipline has been a necessary condition of every human activity, from the most ancient time to the present day. And like everything else, it has taken on different forms; it has developed and perfected its own principles, in order to reach its highest level: our socialist civil and labor discipline. Have we achieved everything? Evidently not. Because if the situation were different, the questions about high productivity for labor, about discipline and quality would not have found so much space in the program of the National Party Conference. Conscious personal and social discipline is that powerful factor which motivates production, ensures accurate and timely fulfillment of all plans, and hence more complete satisfaction of people's needs.

It is no accident that only 6 months after the great October Revolution V. I. Lenin announced: "... Only the declassé, petit bourgeois intelligentsia cannot understand that socialism's main difficulty is ensuring labor discipline..." Here we say to him that there is no talk about what kind of discipline it should be, but that discipline, conscious discipline has become the flesh and blood of our class revolutionary consciousness. Discipline, without which it is impossible to attain the great goals of the new society.

Under the new conditions of labor that our government has created, new forms of discipline are of course imposed; this concept is filled with new content. High discipline is an inherent feature of man's common culture. The higher the level of this culture, the more conscious discipline is. Unfortunately, despite all our successes, despite the development of culture, despite the new conditions created for labor, there are quite a few violations of discipline. Where do the reasons lie? Can we give an account of what evokes a careless regard to labor, to the accurate and conscientious fulfillment of the tasks posited, which leads to poor quality production? It is difficult, but we can do it. In most cases the reasons are different and specific for each individual enterprise, for each individual person, regardless of his obligations, specialization, and training. Great vanity and self-confidence can put the plan for an enterprise in jeopardy, but this plan all by itself can evoke violations of discipline within the workers' collective if it is not realistic,

if it does not conform to the possibilities and means of production. I am even now amazed how certain enterprises or individual workers in one year can fulfill two, or even more, years of annual norms! This means that the plans they follow when working are not realistic, because if you take into account each item's exact production time, and then include the working time, the fulfillment should be 100 percent. This cannot be explained solely on the basis of high productivity of labor, because planning is a form of discipline. And the stricter this discipline is, the greater the growth in the productivity of labor. And quality becomes a criterion for labor discipline.

One of the most acute manifestations of weak discipline is fluctuation, which introduces an especially strong element of disorganization in production. A large number of preconditions are created to struggle against it and to improve the whole spirit of discipline: a new economic mechanism is introduced, the training structure of the work force is perfected, labor relations and remuneration are regulated. But what do we say about the groundless lack of work? Are the stoppages caused by one thing or another? Is this not such a gross violation of labor discipline that it cannot be blamed on just an individual person, or even the workers' collective, but sometimes on the leadership? And if we can seek objective reasons in other cases, there is still no justification here. Willful absence from work is a sign of low consciousness and a lack of culture, and the production stoppages show a disregard for discipline in planning and a low feeling of responsibility for the work carried out.

There is one more important factor in the struggle to strengthen discipline. This is personal example. Thus the greater the work experience and the mastery of a skill, the greater the personal responsibility for discipline. The more highly a leader is placed, the greater his obligation to give a personal example in all of his daily work.

For years now people have been speaking about a lack in discipline among motorized transport drivers. But we can we appeal to their consciousness when the ones who are supposed to keep track of discipline and follow the regulations, who must ensure traffic safety, are themselves violators of discipline?

How can we require the workers in a brigade to maintain labor discipline when, for example, the brigade leader comes to work last?

How can we reproach one enterprise for poor quality work if the cooperating enterprises supply it with poorly finished parts or do not supply them at all?

What follows from all that has been said? That the question of discipline is neither easy to solve nor simple. That the question is not only personal but also collective. That its resolution must be flexible, and multifaceted; it must utilize all discovered and undiscovered possibilities and reserves in our many-sided, multifaceted, and complex labor process. And one more thing: creating healthy labor discipline is not a question of a day or two, not even of a year or two. Creating the atmosphere in which violations of discipline will be viewed as impossible and intolerable is a matter for the whole collective and the leadership, for the party and union organizations. Good discipline must be a matter of tradition, a characteristic feature of each workers' collective, as well as a characteristic feature of each individual person.

The increased rate of production, the high material and technical culture, the complexity of production, and management of various sectors of our economy requires a profound, critical, and self-critical review of personal behavior, of one's own work. A person who puts himself in the position of an insulted party because of criticism directed at him says that there are still people around for whom the significance of labor discipline is as vague and unclear as it was half a century ago.

The struggle with drifting along and with old prejudices about production and planning, about personal responsibility, must become part of the past, in order to create a model of modern and exemplary socialist discipline, which by its character will respond to the call for modern, highly productive labor, which will respond to that power in our work which Comrade Todor Zhivkov has called "revolutionary thinking and revolutionary action."

12334

CS0: 2200/113

BULGARIA

FLEXIBLE AUTOMATED PRODUCTION SYSTEM DESCRIBED

Sofia OTECHESTVEN FRONT in Bulgarian 25 Jan 85 p 1

[Article by Andrey Nedyalkov and Vladimir Ivanov: "The Lathe Rises Above Even a Courageous Idea"]

[Text] Pronouncing the modern combination of sounds in the abbreviation FAPS, for flexible automated production systems, is not as melodious as shouting "Eureka." But it is clear that both of them have their place: Eureka has entered human history; flexible automated production systems are, despite how ambiguous this sounds, today's future for machine building. And in spite of the abbreviated name, which does not tempt the ear with its melodiousness, these systems are gaining more respect here. This was seen at the last fair in Plovdiv, where all sorts of people, from the great to the small, came to the Ministry of Machine Building's booth to see what these FAPS were.

And thus, one of these FAPS's enchanted hundreds of thousands in Moscow and Plovdiv left the exhibition booths, passed through its transportation Golgotha, where nothing was permitted to be broken, and it arrived, as has already been announced over the radio and television and in newspapers, at one of the capital's oldest enterprises, the 80-year old plant for electric and motor trucks called Sredets. Now it is waiting to be included most fully in the scientific-technical revolution of our machine building.

Yet let us repeat once more, very briefly, what the essence of a flexible automated production system is.

It consists of metalworking machines with numerical programmed control, manipulators, and robots. Included in its components are automated transportation and warehouse systems and, of course, computer technology with software; it controls the processes in the flexible production system. Transportation is carried out by robotized trucks, and the automated warehouse work is done with multilevel shelving transmanipulators. The computer technology and software automate all the fundamental and auxiliary processes, beginning with supplying the machines, developing the parts, manipulations in the storehouse, and ending with controlling the quality. The basic distinguishing feature of these systems is their flexibility in relation to the nomenclature of production and the consistency of complying with orders. Here parts of a given type, but very different in size, can be developed. In order to have optimal loading of

the machines, and in order to keep production going, the so-called technological itineraries can be changed, and this is also a typical feature of the flexibility.

The path to implementation, however, is not strewn with roses. It would perhaps be more correct to say in addition to quality, speed, progress and whatever else that is good, FAPS also mean new, previously unknown problems. This has been felt rather strongly at the Sredets Plant.

"If we were to begin all over again, things would certainly go better, because we've gained some experience," the plant's director, engineer Ivan Trifonov, says. "Implementing a flexible automated production system requires a new method of planning all activities at the plant, because it dictates its conditions to us. Not only must those people who work with it deal with it in a new way, but also everyone who has some connection with its production. Prefabricated pieces and parts which are given to it must be finished precisely and accurately; if the opposite happens, there will be breakdowns and damage to the metalworking machines. And for its part this means that the people in the preparations section will have to reorganize their working arrangements."

One of the most important questions involves the cadres. What kind of people are needed? At the workshop, right by the machines themselves, engineer Ivan Popov, the head of the office for programming machines and robots, noted without joking at all that it is especially dangerous to condone the opinion that very elementary people can work on these machines. "This means certain death for the machines," he threw in. "Intelligent, highly educated people must work here, people who know to perfection the possibilities of technology. And what is more, the machines need love."

Thought has indeed been given to the cadres. Special students from the Kirov Technical School are being trained; many of them have had specialized training at the Beroe Combine for robots in Stara Zagora; they will study to become plant producers of metal cutting machines, using numerical programming control. Engineer David Avishay, the organizer of the project for Automation of the Production and Control section, is still not satisfied with what has been done because, according to him, the service personnel must know everything to perfection. Waiting for the repair bases of the plant producers is very risky, time is lost, and the whole system's efficiency drops sharply.

And since we are speaking about efficiency, we will talk about one more paradox, connected with the implementation of the system at the plant. It turns out that the traditional methods of determining efficiency are not applicable to flexible automated production systems, because it still has not been demonstrated how, by replacing 10, 20, or more first class turners, these systems will change things in regard to quality and how quality will be multiplied along the chain. We have even heard the expression that first proving efficiency in the implementation of this avant-garde technology is as impossible as someone tying up your feet and making you hop.

"It is much more important to arrange one's thinking to direct it to seek and implement what is new, and not to think about what kind of profit it could

bring you", Trifonov interjected into our conversation. "Because the accounts, the computations can turn into a hindrance to scientific-technical progress. Revolutionary thinking and actions must cut us free from the present day and make us look more to the future. And our FAPS makes us surpass even more courageous ideas, to start opening up horizons, beyond which we have not even dared think."

There are only young people in the workshop, beside the machines and the monitoring screens. This is very natural; it has been demonstrated that it is much easier for them to accept and adopt innovations. But we should ask ourselves the question of which master turner would put his neck in a noose to come to work here. What are these people like who work day and night, on three shifts, almost alone with the robots and machines; no payroll list could capture their elusive qualities. Perhaps they are preparing a model for the worker of the future: a person devoted to highly intellectual labor? We don't know, perhaps this will be the case.

At the present, however, this is not the basic theme for consideration, because there are many mundane concerns. The system for active control still has not been worked out; this system is supposed to give an account of each part's quality. A so-called system for intermediate control has been applied temporarily, but the FAPS has already spoken its piece. Its personnel will be satisfied only when 100 percent high quality is guaranteed. "We can't wait for the institutes," engineer Avishay tosses in, "we have ideas about developing something here."

But there are still many problems: there is not enough written material about the latest developments in the field (and people here want to read it); there still has not been created at the plant an organization where everyone can bear personal responsibility for the quality of his work, so that the flexible system does not suffer (perhaps it will ever so slightly require workers to respect it); the quality of the cutting instruments is still not at the highest level... All of this is very important, but what is more important is that people work here who give birth to ideas.

12334

CSO: 2200/113

BULGARIA

BRIEFS

ECONOMIC PROTOCOL SIGNED--Sofia, 11 Feb (BTA)--The business talks with an economic delegation from the Chinese province of Heilongquang, led by the Deputy-Chairman of the Provincial Government Mr Gun Buinyan continued for seven days. They discussed the possibilities for cooperation in different branches of the economy including the food industry and building. Mr Gun Buinyan had talks with Mr Ognyan Doyanov, minister of mechanical engineering, with Bulgarian foreign trade minister Khristo Khristov [title as received] and with other economic leaders. The delegation visited some industrial sites. Mr Marin Marinov, deputy minister of foreign trade and Mr Gun Buinyan signed a protocol today on the talks held during the visit. [Spelling of Chinese names as received] [Text] [Sofia BTA in English 1925 GMT 11 Feb 85]

CSO: 4020/120

CZECHOSLOVAKIA

AGRICULTURAL, FOOD INDUSTRY 1984 RESULTS VIEWED

Prague HOSPODARSKE NOVINY in Czech No 3, 1985 p 2

[Article by Eng Zdenek Hoffman, CPCZ Central Committee department deputy director: "Agriculture and Food Industry"]

[Text] The year 1984 was successful in the agricultural and food industry sectors. The dynamic production expansion started in the previous 2 years continued in both these sectors and as a result qualitative indicators also improved.

In agriculture the plan of gross production was surpassed and according to the preliminary data the production volume was 3.8 percent greater than in the most favorable year 1983. It is particularly important that crop production increased more rapidly, which is the first step toward the elimination of its long-term lag behind livestock production. In addition to the record harvest of grain crops, which with a yield of 4.73 tons [per hectare] amounted to approximately 12 million tons--that is, 109 percent of the planned volume--it was due to the increased production of legumes, oil plants and roughage.

Together with the more pronounced emphasis on the domestic sources of fodder, livestock production increased relatively rapidly. Its tasks reflected in production for the market were surpassed in all basic indicators: the state plan of purchase of slaughter animals was fulfilled by 106.6 percent, which represented an additional purchase of 98,000 tons; of milk by 108.9 percent, 485 million liters above the plan; of eggs by 108.3 percent, 234 million above the plan. The utility of most domestic animals increased above the average of the first 3 years of the Seventh 5-Year Plan. The milk production of cows, for example, is expected to reach 3,500 liters in contrast to 3,192 liters during the 1981-1983 period. Good results were also achieved in the reproduction of animals, and particularly in the weaning of pigs and calves.

It is particularly significant that increased production was secured from agricultural enterprises' own fodder resources by reducing consumption through more efficient use and in the case of cattle by replacing grains through roughage. Even with increasing utility the consumption per unit of production was below the standard and in comparison with the identical period of 1983 it declined or at least remained on the same level. Together with the more marked emphasis on economy the improved results were reflected in the enterprises'

economic results. According to the SBCS [Czechoslovak State Bank], the production profitability rate last year was almost 1.7 percentage points in JZD's [unified agricultural cooperatives] and 0.7 percentage points in state farms higher than in 1983, and the profit plan was significantly surpassed in both sectors.

Appreciation is due also to the food industry, which despite the tense situation in the production capacities of some sectors managed to process the above-plan production of raw materials, particularly of animal origin. Moreover, it made progress in making processing more effective and enlarged the assortment in most sectors. The Fats Industry VHJ [economic production unit], for example, introduced 63 innovated or new products on the market and the Prague Canning Plants and Distilleries VHJ introduced 86 products, 28 of which were of a completely new nature.

According to the preliminary data, the food industry fulfilled the gross production plan by 102.3 percent and the deliveries to the market funds at retail prices by 101.5 percent. Due to the considerably differentiated raw materials basis, and partly also to the sales possibilities and consumers' demand, there are certain differences among the individual sectors. Also, the compliance with the economic indicators including the planned profit is expected to be mostly favorable, according to the preliminary estimates.

The favorable results achieved, however, cannot lead to self-satisfaction and complacency because weak points persisted in both sectors. The results in the production of sugar-beets, potatoes, hops, and also of corn for grain lagged behind the realistic possibilities, and livestock production fell short of the planned goal. In the food industry there were some shortcomings in the scope of assortment as well as in the quality of many products which did not correspond to the conditions created by the better raw materials basis. For this reason the enterprises must analyze the causes of weak points, with the appropriate conclusions, as well as of the factors which positively affect the development and results in order to make better use of them.

The 1985 plan particularly in agriculture anticipates a bigger production volume than anticipated by the Seventh 5-Year Plan. It is based not on the best possible conditions, but rather on the actual possibilities. Its demanding nature lies in the fact that higher targets are to be met without some higher inputs--of grain fodder, for example--and with further reduction of raw materials, industrial materials and particularly energy consumption. The food industry anticipates a much more effective processing of raw materials.

In agriculture the principal goal of the plan remains the further expansion of crop production. The point at issue is that it must equally expand in all its sectors. In addition to concentrated effort to increase grain production to the level anticipated by the Seventh 5-Year Plan, that is, 11 million tons, attention must be focused on the deficit sectors. In the first place this applies to sugar beets. Most of the beet processing enterprises responsibly study this problem and prepare fundamental measures designed to improve the existing cultivation technologies. It is expected, however, that the engineering industry and tractor stations will also contribute to greater beet production so that improved or completely new harvesting equipment, reducing the

present high losses, could be employed already this year. A significant turn-about must be achieved in the production of hops and potatoes, particularly in their quality, and in the type structure of vegetables. The production of roughage must not be underestimated, either. In this instance also most enterprises must pay more attention to quality--the type structure and nutrient content--than to quantity.

In livestock production--taking into account the present herds of animals--we anticipate a further increase in the utility and fodder basis. The plan specifies higher targets in production and purchase particularly of slaughter animals and milk than those anticipated by the Seventh 5-Year Plan. The planned marketable production fully covers the supply needs--in the case of meat it actually exceeds them--as well as the planned exports. For this reason it is necessary to regulate livestock production according to the plan from the beginning of the year and the surplus fodder must be used for setting up operational reserves. The rationalization of consumption, particularly of grain fodder, should contribute to it. Reserves exist also in this respect.

In the food industry the plan places general emphasis on the smooth supply of the market and better balance between supply and demand, not only in the volume, but also in the type and assortment structure. In addition to making processing more effective in all respects, this calls for a more comprehensive utilization of raw materials, systematic improvement of products, and a new approach to the innovation of the available assortment. In the first place it is necessary to react more flexibly to consumer demands--even to such demands as the sensory properties, durability, portioning and attractiveness of food-stuffs. This is particularly important in the milk, canning and poultry sectors.

In the material technical area attention must be paid primarily to the administration of fuel and energy resources, which particularly applies to diesel fuel. More economy must be practiced, however, in the use of herbicides, industrial fertilizers, packaging, and so on.

The entire concept of the plan makes it clear that its implementation depends upon a further increase in the intensity of agricultural and food production, on more intensive processing and very effective utilization of all inputs.

10501

CSO: 2400/259

CZECHOSLOVAKIA

INTERVIEW WITH TEXTILE RESEARCH INSTITUTE DIRECTOR

AU201009 Bratislava PRAVDA in Slovak 15 Feb 85 p 3

[Report on interview with Peter Jergus, director of the Research Institute of Textile Chemistry in Zilina: "We Are Searching for Ways of Implementing the Research and Development Revolution More Rapidly; We Expect More From Experiment"--initial paragraph is paper's introduction]

[Excerpts] The Research Institute of Textile Chemistry in Zilina is a part of the Slovakotex economic production unit. It is neither our largest institute nor an organization with a long tradition. With the average age of its staff being around 35, it belongs to the youngest ones. Even its director Engr Peter Jergus, candidate of sciences, is less than 40 years old. However, there are plenty of problems that he has to resolve together with the party and trade union organization when it comes to accelerating progress in research and development (R&D). He spoke about these problems with Michal Ac, staff journalist of PRAVDA's economics department.

At the beginning of this year, our institute embarked on an experiment connected with accelerating the R&D, Comrade Jergus begins. Originally we expected a lot from this fact. Above all we expected that the procedure regarding the incorporation of tasks in the plan would be simplified, as well as our paper work, of which there is more than enough and which impedes us unnecessarily. Further we hoped that, in accordance with the experiment's principles, our endeavor aimed at an accelerated implementation results of R&D in practice would be more markedly sustained through economic incentives; that the collective of the institute would receive supplemental wage funds for having more rapidly and better fulfilled the planned tasks.

[Ac] Your words intimate that thus far you are not very satisfied with the implementation of the experiment's principles....

[Jergus] We are not. I am not speaking on my behalf only or on behalf of the institutes ranking personnel, but in essence on behalf of all our staff.

[Ac] What are the causes of your dissatisfaction?

[Jergus] As regards the incorporation of tasks in the plan, in substantiated cases the experiment enables us to omit the initial opponency [presentation of opposing views], by which a certain part of paper work would be dropped, but this is possible only with the assent of our superiors. In this connection, Slovakotex's general directorate has set up a committee for scientific and technological developments. But it has only just begun operating, and we still do not know whether the tasks to be resolved are to have the initial opponency, or whether this is not necessary. In research work there are many uncertainties. Therefore, we would like to have at least the certainty that later no one will upbraid us for incorrect procedure when incorporating tasks in the plan, and that we will not have to further change or add something. That would only make our problems worse and that, after all, is not the purpose of the experiment.

[Ac] That only proves how difficult it is to leave well-trodden paths, to change the manner of thinking, to begin working in a new way. But it is necessary if the experiment is to yield something.

[Jergus] We can, however, change the way people think only if we change the conditions in which they work. I do not think I said anything new. And yet it seems that in the instructions which we have received from the economic production unit on the experiment, this fact has not been sufficiently stressed.

[Ac] What, concretely, do you mean?

[Jergus] I will explain it immediately. For example, until now the planning method has not in any way stimulated the shortening of deadlines or the reducing of noninvestment resources expended on solutions. We expected that this problem will be solved within the framework of the experiment. I have to note, however, that even the principles of the experiment issued by our superiors do not solve problems. On the contrary, the center has forbidden any changes in the tasks of the federal plan of the development of science and technology. This makes it impossible to consider more important changes as regards resolving the existing problems that could lead to shortening deadlines or reducing non-investment resources for solutions.

Another unresolved problem is connected with economic incentives for the research staff. Within the framework of the experiment, the greater part of remuneration (55 percent) can be paid only after a successful completion of a task with the final opponency. On the one hand, it is correct for the incentive to be contingent upon a successful solution of a task, but the limited wage funds of the institute do not permit a more marked differentiation of researchers' groups as compared with the situation hitherto. Therefore, this system does not mobilize and does not help to increase the creative initiative of researchers' collectives. This fact was also noted in December 1984 by members of the enterprise committees of the Revolutionary Trade Union Movement at a joint session with the management of the institute, which discussed the principles of the experiment.

[Ac] It seems that the extensive period of the assessment of results is not yet behind us, and that the deliveries for research remain the Achilles heel as regards the introduction of new technologies.

[Jergus] We feel this most palpably in the area of measuring and regulating equipment, yet it is by employing that technology we could achieve great savings of energies, raw and semiprocessed materials. I think that in justified cases we should not oppose imports. However, requests for the import of necessary equipment usually end by one being informed that it is not possible because in the CSSR there is a manufacturer of the required equipment. But that manufacturer promises to deliver the necessary items in 3-5 years. Not even the priority of the state goal-oriented programs in which we are participating will help us. It is impossible to deliver quality research work under such conditions. Should such a state of affairs continue, then we will increasingly be just talking about achieving top parameters in new production and technologies. The pace of R&D in the world will hardly adapt itself to the delivery deadlines in effect in our country.

CSO: 2400/286

CZECHOSLOVAKIA

BRIEFS

GUINEAN GOODS EXCHANGE--A session of the Czechoslovak-Guinean mixed commission for economic and scientific cooperation ended in Conakry. According to the document signed at the end of the talks, we will supply motorcycles, machine tools and ceramic materials to Guinea, and in return we will receive bauxite, coffee, olive oil and other goods. [Text] [Prague Domestic Service in Czech 2030 GMT 23 Feb 85 LD]

CSO: 2400/286

CZECHOSLOVAKIA

FOREIGN TRADE IN ROBOTS, MANIPULATORS SUMMARIZED

Prague SVET HOSPODARSTVI in Czech 22 Jan 85 p 2

[Article by Jana Vrzalova, OZO Martimex Martin: "The Sole Exporter and Importer of Industrial Robots and Manipulators"]

[Text] The Martimex stock corporation for foreign trade handles mainly exports and imports of engineering products as needed by the parent VHJ [economic production unit], ZTS Martin, but also handles them for other organizations in the Czechoslovak national economy as well. The basic export articles are mainly cargo ships, special boats, machinery for comprehensive mechanization of logging, and hydraulic parts and assemblies. Other items are mining locomotives, diesel engines, and theatrical equipment, and since 1983 Martimex has been the sole exporter and importer of industrial robots and manipulators. At the beginning of this year, this organization completed 15 years of successful operations.

In the time that it has been in existence, OZO [foreign trade organization] Martimex has increased its volume of foreign trade by 6.3 times, which means that trade operations totaling almost Kcs 22 billion were carried out, with the priority always being exports. By territorial breakdown, the lion's share of these trade figures was traditionally with the Soviet Union and the other socialist countries. Nonsocialist countries provided about 13 percent of the trade annually.

Long-range outlooks are favorable for Martimex because of the broad production program of the VHJ ZTS Martin enterprises and their participation in the international division of labor, especially where the field of utilizing cooperation in production and trade is concerned.

Today OZO Martimex can brag that it, along with the VHJ ZTS, is among the best in Czechoslovakia in searching out, organizing, and carrying out direct production cooperation abroad. For example, in the years 1981 to 1984, the volume of cooperative work between Martimex and the Soviet Union exceeded Kcs 450 million and Kcs 340 million with the nonsocialist countries. Important cooperative work includes that with the Sauer firm in the FRG, the Yugoslav firm Radoje Dakic, and the Kirovograd Gidrosila [Hydropower] plant, which is actually one of the biggest cooperative actions in the history of Czechoslovak foreign trade.

Plans for 1985 are directing engineering production toward exports, including robotics, hydraulics, tractors, cargo ships, etc. This requirement places some difficult tasks before Martimex for the last year of the Seventh 5-Year Plan.

The volume of trade which Martimex achieved in 1984, Kcs 3,538.8 million, exceeded that of 1983 by 8.5 percent. The planned tasks were also fulfilled in the other economic indicators. Profit was 105 percent of that planned and the efficiency of exports also increased. This year, exports by OZO Martimex to the socialist countries, mainly the Soviet Union, will grow by Kcs 445 million as compared with 1984, which is a growth of more than 20 percent, and exports to nonsocialist countries will go up by roughly 22 percent, especially where direct exports are concerned.

Of the overall exports by OZO Martimex, about 42 percent were from the VHJ ZTS organization in 1984. Dynamic growth is further ensured for the period 1986 to 1990.

Currently and for the next few years, the most interesting and promising export items offered by OZO Martimex will be the LKT 81, LKT 120 A, and LKT 120 B wheeled logging tractors produced at ZTS national enterprise Martin; the Pielstick diesel engine from the same manufacturer; Amur model cargo ships; bucket-chain and suction dredgers from ZTS Komarno and Prague; and also industrial robots and manipulators. But one of the most important export items for Martimex is the line of hydraulics which are used in transportation, highway, and construction mechanisms; in agricultural machinery; in foodstuffs equipment, etc. In coming years, these hydraulic parts and assemblies will be supplied to all CEMA countries, and also to a number of nonsocialist countries.

6285

CSO: 2400/263

CZECHOSLOVAKIA

JUST REWARDS FOR GREATER EFFORT URGED

Prague RUDE PRAVO in Czech 12 Feb 84 p 1

[Text] In the past 10 years, the nominal wages for workers increased by roughly 25 percent and the overall wage fund for society reached an annual level of Kcs 240 billion. But how effective are the wages paid out? This is not a given of just their absolute level, but is mainly a matter of thorough application of the principle of rewards in their distribution. However, many times the wages are still given out by the letter, without regard to the differences between good, average and below average workers. The same distorted yardstick is used in evaluating the work of collectives, workshops, operations and even entire factories. This egalitarian treatment in compensation turns off many qualified, hardworking workers, who justifiably feel hurt by it. It is therefore urgently necessary to correct this practice.

For the years of the Seventh and Eighth 5-Year Plans, the leadership of the party Central Committee, the federal government, and the Central Council of Trade Unions approved the "Program for Increasing the Economic Effectiveness of the Wage System." Its goal is to strengthen the economic function of wages and to utilize it for effective work motivation.

In the first stage, which took place in the years 1981-1983, there was mainly supposed to be an expansion of the basic norms and their broader application in practice, since it was hard to intensify rewards for efforts without an exact measurement of the work performed. By the end of 1983, all of the norms used were supposed to have been validated. As far as quantity is concerned, all departments substantially succeeded in fulfilling the task, although with delays.

But many of the objective norms still include overly great time reserves. Some of them were even specified using obsolete production and technological methods, which shows that in many cases objective norms were sought only to the degree that they satisfied the prescribed contents of the validated norms. There are still cases where the norms, after being objectively stated, are fulfilled by 120, or even 150 or more, percent. In most departments, after they were objectively stated, their average fulfillment dropped by 8 to 5 percent, but the results could have been better if the quality of the norms had been higher and if the objective norms had been put into practice more rapidly everywhere. The results have been unsatisfactory in this area mainly in the

electrotechnical industry, where the task remains of objectively starting and applying in practice norms for 20,000 workers, and in the department of agriculture and foodstuffs, where 40,000 workers must still be covered by new norms.

Improvement was achieved for other technical-economic norms, such as consumption of raw materials, materiel, energy, and supplies, and making use of capacity available. The norms are now being applied much more systematically as indicators for premiums and performance pay for workmen and technical-economic workers. But the status in the various branches of the economy differs widely and is still a long way from meeting the needs or the capabilities of the economy.

We have succeeded, substantially more than was expected, in reducing the number of workers whose work has not yet been covered by norms. In industry alone that figure was reduced by 26 percent, which represents more than one-half million workers.

Since the first of the year, the second stage of the program for increasing the economic effectiveness of the wage system has been in effect at two selected enterprises. In the next few years, these principles will be applied to almost 6.5 million people.

In a number of professions, implementation of the second phase is resulting in an increase in the wage scale, which leads to changes in the structure of earnings and to strengthening the workers' social security. The transition to the second stage will thus be connected to an increase in wages for many workers, as long as it is based on higher performance and economizing, of course. The enterprises must also meet the increased outlays from their own funds, utilizing the planned increase in wages from one year to the next, and especially by higher levels of creating wage resources through counterplans and savings in the labor force. In many enterprises, an important source is also limiting overtime work and a more responsible approach toward approving exceptional rewards. The greater part of the resources for unavoidable adjustments in the new wage scales must therefore be provided by growth in performance and efficiency.

An important change is the publication of a uniform decree on rewarding technical-economic workers, which replaces the almost 90 existing regulations of the individual departments. It contains a uniform qualifications catalog which is based on broadly conceived functions, which greatly reduces their number. A supplement to the qualifications catalogs for blue-collar professions has also been prepared for publication and this contains changes in the various types of training of young workers for their trades. This removes the difficulties particularly associated with the inclusion of graduates of 4-year vocational training with high-school graduates in the wage schedule. The existing qualifications catalogs, with isolated exceptions, do not require a high-school diploma for the trades.

We are also starting to apply to a broader degree the personal evaluation which replaces the existing wage ranges, in which the worker's evaluation is to a large degree influenced by the supervisor's subjective views and where pay is

established substantially on a permanent basis without regard for later, and possibly poorer, performance. The personal evaluation has already been validated in the past in some organizations and experience shows that this form, where the level of wages is set only for a predetermined period of time, is much better as a way of basing earnings on the actual contribution of the technical-economic workers and tradesmen and their performance and quality of work.

The second stage thus brings a number of significant changes to the existing method of rewards and the structure and level of earnings. Its successful completion therefore cannot be left to the units for labor and wage economics or the economic sections. It will demand great efforts of political work. The leadership of the CPCZ Central Committee, the federal government, and the Central Council of Trade Unions therefore approved principles for a joint approach by the state, economic, party, trade union, and youth organizations to implement the second stage of the program. This is necessary to bring it fully to life and to have it fully understood everywhere.

The basic task of the party agencies and organizations is therefore to develop effective organizational, educational, personnel, and control activities and to mobilize party members and all workers to meet the political and economic goals set for the second stage of the program.

Equalization of rewards thus continues to be an open and not fully resolved conflict, and we cannot rely on simply decreeing the change. A yardstick for work which has been well performed is now available and we do not lack the ability to differentiate according to performance in the most various kinds of earnings, but despite this they are not being fully utilized. In many organizations, they resist changing from the familiar wage forms, even though they are not fully suitable. This deficiency is most noticeable for workers in the preproduction stages. Their tasks are not adequately specified or limited in time or material, and we also lack a reliable comparison with the tasks at the endproduct level.

For a long time now we have offered the opportunity of awarding exceptionally productive, creative workers in the field of research and development with personal pay of up to Kcs 7,500. But there are still very few cases in which people have found the courage to take this step, even though many ministries are proud of their first-class products, which are actually the products of first-class performance by the creative workers who designed them.

It is also not rare to encounter cases where the principles of rewards are directly avoided by violation of applicable wage regulations. Unit supervisors who have no subordinates set this up and secretaries and clerks are carried as skilled personnel. This again confirms the fact that the effectiveness of material rewards will be most dependent on the attitude of the workers' supervisors and their courage to enter into potential conflicts. It is therefore up to the party organizations to provide adequate assistance and support to those people who actively deal with this harmful egalitarianism.

POLAND

COMMENTATOR TALLIES POINTS ON REFORM PROGRESS, LAPSES

Warsaw ZYCIE GOSPODARCZE in Polish No 3, 20 Jan 85 p 6

[Article by Mieczyslaw Lesz: "Misgivings"]

[Text] Misgivings concerning the future of the economic reform are growing among economists. Of course, we are not talking here about the formal aspect thereof, since even the abrogation of the reform itself, if such a thing would ever happen, would proceed with the idea that the reform is being upgraded. These misgivings are best expressed by the dramatic questions "either...or" asked in recent documents from the Economic Advisory Council.

It is well known that, under the circumstances in which it was necessary to implement it, the reform could not immediately assume the shape delineated in the decrees of the Ninth Party Congress. Generally speaking, this goal was hurt by the lack of economic balance and the restrictions in foreign trade. For this reason, the foremost objective is, on the one hand, the implementation of the reform within the framework of the existing restrictions, or, on the other hand, the gradual loosening of these restrictions as opportunities to do so present themselves. The question arises whether everything has been done with these issues which could have been done, and whether we are moving in the proper direction as we go along this "access route." It seems that in order to answer this question we would have to introduce certain qualifying factors as milepost on this genuine "access route" which would orient us with regard not only to in the direction in which we are moving, but also to what portion of the road we have behind us.

One of the bases of the reform was the maximum expansion of the scope of the application of parametric features of control in place of the command-distribution system. This is pretty much the same advancement which took place in British industry more than 2 centuries ago when Newcomen's 70-year old steam engine was replaced by Watt's steam engine. (In Newcomen's engine, workers opened the steam channels manually to admit steam first from the one side, then from the other side of the piston.) For this reason, the answer to the question of the scope of "manual control" in our economy is key with regard to an evaluation of the reform. Unfortunately, this scope is large, and in certain areas even immense. The 1984 plan envisioned leaving 15 billion zlotys

for such a manual "deregulation" of the wage fund to the minister of labor, wages and social affairs. According to all indications, 32 billion zlotys will have to be allocated for this purpose. This is happening along with other individual decisions, made during 1984, which are stretching out the wage fund by more than a half. Indeed, this "fund to equalize wages," if we can call it that, was eliminated from the 1985 plan, although it is not known how individual programs to reduce the burdens on the Vocational Activation Fund will be established. The worse solution would have been established them during the year as a result of various kinds of adjudications and pressures. Only time will tell whether we are going in this matter along the "access route" in the proper direction.

One of the objectives of the reform was to bring prices closer to the realistic amounts of time socially necessary to produce specific goods and services. The expression of this was to be a reduction in subsidies and all kinds of surcharges. Unfortunately, as far as all of this was concerned, there has been as before no progress.

We can establish various objectives with regard to what we will really write on the mileposts of our "access routes." It seems that a good indication in this matter will be the relation of the size of subsidies and various types of surcharges to the financial circumstances of the enterprises. This will answer our question as to what portion of a financial yield comes from subsidies and surcharges and if progress has a chance in this area. In 1982 subsidies and surcharges amounted to 63 percent of the financial yield, and by 1984 it was already 65.8 percent. Indeed, if we relate subsidies and surcharges to the size of a financial yield and turnover tax, we get a somewhat better yield: 43 percent in 1982 and 38.4 percent in 1983. In all of this we need to keep in mind that, besides official subsidies and surcharges, "branch equalizing funds" have been set up in many branches in the form of so-called clearing prices, different for different plants producing the same product. In this way, plants operating at lower costs finance plants which operate at high costs, according to statistics from the Ministry of Finance.

Another objective of the reform was the increase in the independence of the enterprises within the area of their own development, primarily by leaving investment, reconstruction and modernization decisions up to them. It is not easy to evaluate how successfully we implemented this, but it is easy to show that further depreciation to fixed facilities, especially machinery and equipment, is occurring, i.e., that in 1982 and 1983 amortization of fixed facilities, with regard to machinery and equipment, was greater than investment. It is difficult to determine by how much the enterprises' own investments have grown, inasmuch as certain central investments have been computed with them.

Generally, the situation today is such that the enterprises' own investments, i.e., without former central investments being computed as the enterprises' own investments, take advantage of bank credits to a minimum extent. For this reason, by using this as a gauge to measure the investment independence of the enterprises, we can orient ourselves and then take a look at the amount of money in the development funds allocated for investments in the enterprises.

after subtracting the repayment of investment credits from this same development fund. We will consider only production investments and only the socialized economy. In 1982, this share amounted to 28.5 percent; in 1983, it was already 43.1 percent. As can be seen, we have made definite progress here, something which, thanks to their own investments, ensured the accomplishment of modernization and reconstruction ventures. As a result of these ventures, a scaling down of the unit expenditure of resources and energy was then possible. All of this leads to at least a partial implementation of the conservation program.

We have to keep in mind that the scaling down of unit energy expenditure in the production of steel, rolled products and many chemical products and the better utilization of raw steel in the production of end items, which we have been observing in 1983 and 1984, is the result of detailed but essential reconstruction-modernization investments. Good will and words alone would not have done anything for economization.

An important factor increasing the independence of the enterprises in the area of foreign trade was the introduction of foreign-exchange allowance accounts (ROD's). I am omitting here their extremely complicated makeup (inter alia, they require a great deal of familiarity for understanding), but the very fact that these accounts have been introduced is regarded as a major step forward. We are all aware of the fact that especially these ROD's, which do not always guarantee a profit in transactions, are often the strongest pro-export lever available. Both expectations and yields from these accounts have grown considerably and continue to grow. Judging by the share of purchases made from the ROD's with regard to all imports from the Second Payments Area, I must state that in 1982 it amounted to 2.9 percent, in 1983 it was 9.7 percent, and by the first half of 1984 it was already 14.9 percent. Simultaneously, the number of enterprises utilizing ROD's continues to grow and now exceeds 2,000 account disposers.

One of the reform's objectives was to draw closer to the principle that purchases would be decided by the availability of money and not by rations and allocations. Sorrowfully, I have to announce that the ration system is lasting here longer than it was supposed to, longer than it lasted after the war when the country was horribly devastated, unless we also consider the temporary introduction of ration cards for meat at the beginning of the 1950's; the elimination of meat rationing, however, is still a long way off. The announcement of the suspension of a majority of the rationing in 1985 is certainly a step in the right direction and keeping with the reform's objectives. Unfortunately, no substantial improvement in producer goods transactions can be seen.

The list of centrally distributed goods has not been reduced. If some are removed, then new ones are added. It seems that we would have to quantify the direction of events in this matter. This would be done well by an index showing the value share of goods centrally distributed in relation to the overall value of the effort, energy, etc., expended to produce them. The dynamics of this index would let us know where we are going.

Clear progress has been made with the significant reduction of inflation and a promise of seeing its total elimination in 1985. However, we should not forget that we still face a major threat of renewed inflation, the result of many years; its "tackling" will be a problem for many years to come.

The indicators enumerated are certainly not all of those which are characteristic of the "access route," but an investigation of even these indicators after 1985 and a comparison of them with those from 1982 and 1983 would provide considerable food for thought. The picture we now have is rather irregular and variegated. If we are moving ahead in some areas with the introduction of the reform, even if not sufficiently decisively, then there are other areas where nothing is happening; there are even some areas where we are retreating.

12247

CSO: 2600/587

POLAND

PROF MANTEUFFEL DISCUSSES AGRICULTURAL PROBLEMS

Warsaw POLITYKA in Polish No 34, 25 Aug 84 pp 1,5

[Article by Ryszard Manteuffel: "Poll by POLITYKA, 'The New 40 Years': Our Village, Our Specifics"]

[Text] My statement will refer to two questions in the interesting poll being conducted by POLITYKA, specifically: what were the credits and the debits during the past 40 years and, in this connection, what are the possible or desirable developmental variants against the background of the realities of a changing Europe and a changing world?

Considering the very broad scope of these questions and my qualifications, I will place special emphasis on matters of Polish agriculture.

Contrary to accepted patterns, I will begin with the negative.

The decision on accelerated collectivization of private farming undertaken in the fall of 1948 had a negative impact on the development of Polish agriculture. This decision (which was implemented administratively through application of economic and personal pressure either in a deliberate manner or as a result of circumstances that arose) delayed the development of our agriculture and resulted in enormous material losses both in the form of progressive decapitalization of private farming and in wasting enormous state funds on ineffective investments in agriculture. It also inhibited raising the technical level of agriculture and increasing farm production.

Principal Historical Errors

Collectivization was undertaken 4 years after the adoption by the Polish Committee of National Liberation of a decree on agricultural reform, which clearly said that Polish agriculture would be based on highly productive, economically healthy peasant farms that are the personal property of their usufructuaries. This brought about the worst consequences, specifically, the loss of confidence of the peasants toward the authorities and toward their trustworthiness. (This circumstance has not changed completely even now, and this very seriously inhibits the development of agriculture.) The decision of that time, emanating from doctrinal motivations, was formally retracted as the result of the reaction of the people in October 1956, but at every opportunity there was a return to that stand either directly or indirectly, and this nurtured an attitude of distrust on the part of the peasants with respect to the declaration of the authorities.

In my opinion, this was a great mistake that resulted, I believe, from a lack of understanding of the mood and psychology of the Polish peasants. Poles cannot tolerate coercion, they do not accept unwanted decisions, they are individualists, and often, as history teaches us, react irrationally. Moreover, the socioeconomic relations in Poland differ from those of other countries. Therefore, what was done in other socialist countries was not successfully done in Poland. And the moral and material losses were very great.

Another mistake that still has negative consequences from the attempt at forced collectivization is, and perhaps was, treating agriculture and peasants, if not in words then in deeds, as if they were second-class. Despite the beautiful slogan, "to the union of workers and peasants," practice denied this for many years. As far as we can tell, agriculture had to contribute financially to building and rebuilding industry during the 6-year plan, and actually nothing can justify the scornful attitude toward peasants and residents of villages, or the lack of sensible proportions between the infrastructure and the supplying of cities and villages.

A third complaint with respect to the agricultural policy during this past period were the staggering disproportions between personal income of individual farmers and the income of people working as laborers. Besides decreasing the standard of living in this way, this caused a drop in the intensity of agricultural management, and consequently of its productiveness and a temporary manifestation of decapitalization that hurt the economy. On a family farm there is no strict division of income from the farm between savings and consumption. Since consumption of a family cannot fall below a certain level, then when income from farming is low, there must be a decrease in savings funds.

These complaints or a list of mistakes made could be enlarged. I will stop with the ones mentioned.

The last, stormy years, with all their threats, losses and limitations, brought simply spectacular changes to Polish agriculture. They made it possible to carry out serious rethinking, develop a new outlook on affairs that in recent years were not subject to discussion, and let fresh air into views that had not been ventilated for the last 10 years. Then followed the recognition of an idea that would seem to be obvious: that the world is changing, that people are changing and various matters must be regarded in a new way.

Then came recognition of the fact that the family farm is not contrary to the principles of socialism. On the contrary, it realizes them to a high degree. The individual farmer exploits no one, is motivated to produce in a direct manner by income that he himself earns. Such a farm produces most economically, realizes an expanded production, and is included, through income and expenditures, in the socialist planned economy of the state. As a result of such evaluation of the private farm, the political authorities, the government and the Sejm recognized the stability of the family farm as an element in our socioeconomic system.

Also officially recognized was the principle of equality of agricultural sectors in the country. This principle, however, is frequently taken liter-

ally. This is a great oversimplification since every sector has its specifics and a literal application of this principle is pointless. What we are concerned with here is equal relations of the state to every sector so that there would be no privileged sectors as was the case for many years, so that there would be no sectors that are better or worse. Specific regulations may differ and even must differ in certain details.

Finally, with respect to the third complaint, the general principle was accepted that the level of income from work on the private farm and of persons maintaining themselves on worker's pay should be approximately the same. This found expression in the introduction of the concept of parity, which would literally mean equality of these incomes. This concept elicits controversy in various circles, which is understandable when this concept is understood narrowly as a mechanical equalization of the level of incomes of the two groups of the population. Parity must be understood in such a way that it, like other aspects, is taken into consideration after prices of farm products and costs of production and production labor are stabilized. This principle was accepted as just by the authorities, and this is a great achievement of private farming and a cause for satisfaction for the authorities.

In summary, I must say that the private farm has come safe and sound out of the 40-year period. It is an economy that is qualitatively different, at a level significantly higher than it was 40 years ago. Its further development will depend to a significant degree on the will and ability of private farmers to raise the level of their farms.

What Socialism in Agriculture Depends On

The period that was difficult and stormy in the political sense has by this time already passed in agriculture. It is time to look realistically into the future. We must also take into account what socialism in agriculture depends on and guard these principles in a judicious manner. It depends on not letting man exploit man but on respect for real work, on the possibility of achieving an extended production, on making activity rational, on planned and not spontaneous activity. Private farms have all of these traits. Failure to recognize this fact had a negative effect on the prosperity of our country and on our personal prosperity.

I favor variety in socioeconomic forms, not from doctrinal considerations, but because every form fulfills certain needs if good management is maintained. I also support the view, based on firm knowledge of good farmers, that there are no bad farms (obvious, if the farms are located on soils designated for actual agricultural use), but there are bad managers. This is how I understand this: in order for a farm to be economically effective, it must be put to proper uses and must have a proper structure, proper production aims and a proper level of intensity, not to mention a proper size. In order for this to happen, it must be in the hands of a good man.

I will review three developmental variants for agriculture in our country: undesirable, possible, but not desirable, and desirable. Please remember that this is my own personal evaluation.

The undesirable variant, not possible in practice: using a term adopted in 1956, I would label it "clerical." I am including it in order to show the entire spread that actually exists among the variants. This variant was advanced a few months ago by one of the younger economists and was being considered by a respected scientific institution.

Agricultural equipment produced by Polish industry will be exported and funds realized from this export will be used to import all of the food needed by nonfarm people. Nothing is said about what the farmers will use to produce their own food or what will become of the agricultural establishments in Poland.

The possible, but undesirable variant: the complete socialization of all agriculture.

Experience in our country and certain other socialist countries indicates that this would certainly entail one of the two following consequences: either very high costs of production and great material and energy consumption or a great drop in production. We cannot afford either of these possibilities. As far as a drop in production is concerned, we cannot allow it either from the point of view of our own interests or from the point of view of food for the world. In spite of the fact that some countries have a surplus production of food raw materials, there is a serious shortage of food on a worldwide scale. This shortage will most probably increase since the world population, which is now more than 4.7 billion, will increase to 6.8 billion, and in the opinion of some demographers to more than 10 billion.

We must also consider that the villages would lose people. Quite likely, not only the surplus population on the farms, but also most nonfarm people in the villages would try to emigrate to cities. Most of the private farm buildings and quite likely a significant part of the buildings of nonfarm village people would be wasted. In turn, the building and rebuilding of socialized agriculture would entail great outlays of material and money, amounting to billions of zlotys. The villages would, to a significant degree, lose tourist attraction since modern tourism demands the presence of people on the land. Mountain and foothill areas would be lost to agriculture.

There would be great expenditures of energy resulting from the more energy-intensive operation of larger enterprises and a significantly increased use of internal transport on the farms. With more serious difficulties in supplies of liquid fuel and electrical energy there would be the threat of limiting agricultural production. Today horses still provide a certain insurance, and these are maintained in their decreased numbers only in the private sector. Finally, of basic significance is the fact that most private farmers do not accept the prospect of socializing their farms, therefore, "primarily, we have no guns."

In summarizing, we must recognize the variant of complete socialization of agriculture as being undesirable.

The desirable variant: preserving the multisector aspects of Polish agriculture while maintaining for the immediate future the existing area proportions between the sectors: 2/3 nonsocialized agriculture and 1/3 socialized.

There should be the option, however, of eventual shifting of areas between sectors in either direction as a result of the action of objective laws of economics and preferences of individuals working in agriculture for working in one of the three specific sectors: in the private, state or socialized sector. The human factor carries great weight. Each sector has a definite economic and social task to perform.

One Direction

I am presenting the basis and the method of carrying out this vision as I see it.

Polish agriculture must become highly productive, conducted rationally, obeying all economic and technical principles and respecting the biological laws. The only criterion for evaluating production units should be their effectiveness.

In the shortest time possible, there should be an equalization of living and working conditions between the city and the village. Here I have in mind the infrastructure for production and for living conditions. All the country's budget funds intended for the villages should be earmarked for this purpose. Funds to aid housing construction, to increase the earnings of workers and to improve other aspects of living conditions should come from funds accumulated by enterprises.

The Polish village should remain a place where not only people involved in agriculture but others live and work, a place in which jobs should be created in the village. Commuting of village people to work in the city and city people to work in the village should be the rare exception.

In the private sector of agriculture, every farmer-manager of a farm is at the same time a production worker since he himself, together with members of his family, does most of the production work. These farmers, however, must be active individuals who possess to a high degree the resourcefulness of a manager of a small business. They must know how to and must want to make decisions of their own and must understand that they themselves will be responsible for the consequences. In socialized sectors, only the director needs to have the mentality of business manager. The other workers, therefore, the majority of the production workers, must have a more technical attitude: skill and desire to carry out assigned work.

Actions of the authorities should constantly reinforce among private farmers a faith in the authorities' sincere intentions to maintain the stability of the private family farm in agriculture.

When this conviction becomes consolidated and the principle of maintaining the income of people in farming and other people at an equal level is observed, it would seem that farmers will reestablish the activity they have been known for in the past and will begin to be seriously interested in raising the production and technical level of their farms. They will move toward maximizing production, they will cultivate fallow and neglected land. The industry that produces farm equipment will benefit in the form of buyers for its products and will increase the quantity and improve the quality of

production.

It seems probable that there will be a polarization of farm sizes. The number of plots and small farms belonging to people who also work at other jobs will remain the same or even increase; these will exploit the peripheral work of the family. At the other extreme, completely agricultural farms will appear that give full employment to the farm family. One might expect that there will be a reasonable specialization of farms which will make more productive and less arduous work possible.

Under these conditions Poland should become self-sufficient in the food area and should have the potential for increasing food export.

Comparisons with Neighbors

From the nature of things, the village community creates better conditions for dealing with any degeneration in manners since the residents of the village do not constitute an anonymous mass. Each village resident is known in his village and in this way remains under community control, which cannot be said of the residents of cities, particularly large cities.

The fact that the third variant can be acknowledged to be desirable is borne out to a certain degree by the experience of several brotherly socialist countries.

All of these countries carried out complete collectivization of agriculture. But they can be divided into two groups. The first includes countries that were highly industrialized before World War II, which increased the degree of industrialization even more after the war, and in which, as a result of this, there was a further movement of the farm population to the cities. This includes Czechoslovakia and East Germany. These countries, not so much from doctrinal considerations as from economic, cannot return to decentralization of agricultural production, including animal production, since they would simply not have the people to do this (10-13 workers per 1000 hectares of cropland). Therefore, they are forced to carry out animal production on large farms. Technically, they can do this, but it is a highly energy-intensive process and extremely expensive.

The other countries, not highly industrialized, with a greater number of persons actively employed in agriculture (20-30 persons per 100 hectares) recognized that animal production is more efficient, less energy-intensive, and most of all significantly less expensive on a small family farm where peripheral work is exploited. In these countries, 20-30 percent or more of the animal production and production for the family comes from garden plots, both in agriculture and outside agriculture. In production cooperatives, plant production (fodder) is produced largely on big, socialized farms, but animal production is carried out on the small farms to a large and ever increasing extent. In the Soviet Union, the amount of land in small plots is being gradually increased. I believe this is an evolutionary change in the artel form of production cooperative that has existed up to this time.

The countries mentioned cannot return to the classical private farm since these farms no longer exist as farm units; also, there are no people with the

mentality of the small entrepreneur, which is what the individual farmer is. To a significant degree, we have preserved these conditions and we can draw on the benefits that the family farm represents.

So much about agricultural matters. I cannot, however, refrain from at least mentioning the losses that our society suffered in that stormy 40-year period of sociopolitical changes which, involving the whole country, involve Polish agriculture as well. I will list them without specific argumentation.

1. Training a significant proportion of our society away from conscientious and honest work, "good work," according to the description of Professor Tadeusz Kotarbinski, and spreading the inclination to feigned work and absenteeism. This is contradictory to the principles of socialism and contradictory to tendencies that existed in our country at the end of the 1940's and beginning of the 1950's (heroes and leaders of work).

2. Bureaucratization of most production and service work. The work ideal: tenure and a desk.

3. An excessively developed paternalistic role of the state. This deprives people of initiative, teaches them not to take on responsibility for the standards of their own lives, and inclines them to hold out their hands to the state for everything, expecting the state "to give."

4. The widespread adulation of youth and elimination of all difficulties that stand in their way. This is behavior that hampers the young, does them an injustice. Having access to everything in their youth, the young people are spoiled, lose track of the goals toward which they should be working largely through their own efforts. This creates complexes, frustration, dissatisfaction with life, lack of will to work and baseless protest.

I speak of this from my own experience since the need to depend on my own efforts while still young and at school created in me an optimism for life and activeness which I have preserved into the present, late years of my life.

2950

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POLAND

PROF MANTEUFFEL COMMENTS ON AGRICULTURAL TAX

Warsaw DZIENNIK LUDOWY in Polish 2 Jan 85 p 3

[Article by Prof Dr Ryszard Manteuffel: "Agricultural Tax"]

[Text] The principle that agriculture should pay taxes just as other sectors of the national economy do never was and is not being questioned by the farmers today. Everyone also agrees that the level of these taxes is somewhat low at present. If there are differences of opinion in these matters, then they pertain only to how the taxes should be computed and how high they should be.

Having written about this in 1982, I would remind you only that the tax, from a theoretical point of view, should fulfill three functions: distributive, regulating and stimulating.

The first depends on the division of income between the producer and society represented by the state. Here we are concerned with the share in government expenditures, therefore, about the contribution of agriculture to the state budget. Today the land tax does not fulfill this function since it comprises less than two percent of state income and less than two percent of the monetary income of farmers. Therefore, it has only a symbolic meaning; let us remember that during the period between the wars it was approximately 10 percent of this income. Farmers on private farms in West Europe pay approximately this much tax.

The second function, regulation, depends on a certain equalization of the income of farmers with a higher farm income. Today the tax is based on the production potential of a farm and on its size. But, without mentioning its low level, it does not fulfill this function either.

Finally, the third function, stimulation, depends on motivating a farm to increase production so that the tax per production unit might be decreased by increasing production per hectare. Today this function is not fulfilled at all; the tax being at a symbolic level, decreasing the tax on a production unit has no meaning for the farmer.

In different historical periods of our country, the government stressed different functions.

During the period between the wars, the authorities in government ascribed the principal significance of land tax to its distributive function: the concern was for increasing the budget income of the state. In the Polish People's Republic, especially when the farmers believed the level of tax to be high and income from developing industry began to form the basic source of budget income for the state, we were concerned with equalizing income between the small and large farms. Today, we are concentrating on the stimulating function: we are concerned with increasing production in the country, specifically per hectare, and motivating farmers to increase the sizes of the farms so that in this way also they might increase the income per family and per farm worker. This became the reason for giving up on a progressive tax and moving to a linear tax paid per hectare computed independently of the size of the farm. In this respect there is complete agreement between the government and the Ministry of Food Management of the Council of Ministers.

The next innovation with respect to the practice of former years is that all types of taxes paid by farmers on land have been consolidated. Today there is only one tax and it is called the "agricultural tax."

The third basic difference is that if the essence of the principle is that all agriculture is one, the tax will be paid at the same level per hectare by all three agricultural sectors: nonsocialized, state, and cooperative. The tax per hectare will not be paid by specialized sections of a farm above a stated size of these sections.

They will pay a tax based on a normative level of income from these sections according to the principle binding those who pay equalized tax on income, and therefore, with the application of the progressive principle. But we will discuss this elsewhere.

The number of converted hectares* is the basis for the agricultural tax on land. Its level is established on the basis of area, type and class of agricultural and forest usage and on soil type as well as which tax district the farm is registered in. Land on which tax is paid from specialized sections or on which there are buildings in which this activity is carried on will not be included in the converted hectares. Four tax districts will be established on the basis of economic and production-climate conditions.

Forest land will be treated as class VI arable land, and land in ponds stocked with edible fish (salmon, salmon trout, bullheads, bull trout and trout) will have a 1.0 conversion factor, others 0.2. Land in ponds that are not stocked will be treated as cropland or meadow, depending on how the ponds are used.

In exceptional cases, the provincial membership in a tax district, but o.

's council may change the gmina's
le, this cannot decrease the

*Regulation on agricultural tax, 15 November 1984, DZIENNIK USTAW PRL, 23 November 1984, No 52, item 268.

number of converted hectares by more than 0.5 percent. Also, in exceptional cases, the people's council at the basic level may do the same thing under the same circumstances with respect to a village.

The agricultural tax per converted hectare is set at 2.5 quintals of rye according to purchase contract prices on 1 January of the tax year, without term incentives. The Sejm will determine the time when this tax level will become effective. For the next few years this tax will be lower; in 1985 it will be 1.5 quintals of rye per hectare, and in 1986 2.0 quintals per converted hectare.

Computing the level of the agricultural tax is very simple. If the farmer does not know how many hectares of arable land and permanent grassland he has (most farmers know these figures as well as in which quality class these lands are included), then he should obtain these figures from the gmina administration. There he must also find out to which tax district his village has been assigned. In the gmina, he must also learn what the conversion factors are for converting the physical area of the land into converted hectares since slight changes have been made with respect to these factors (these figures are given in the regulation on agricultural tax, which I mentioned earlier). When the farmer knows all of these changes, he can do a very simple computation: he multiplies the areas of specific classes of land by those conversion factors, adds these, and the result is the area of his farm expressed in converted hectares. Next, he multiplies this figure by the tax rate per converted hectare that applies in the given year (from 1.5 to 2.5 quintals/hectare), and he arrives at his agricultural tax expressed in quintals of rye. Then he multiplies this figure by the contracted purchase price of rye on 1 January of the tax years (for 1985, 1750 zlotys/quintal), and he obtains the figure for the agricultural tax that he owes for that year. As is evident from this, the computation is very simple.

In order to get some idea as to the amount of the tax, I computed it in different variants, using a simple example. I assumed a farm of 15 hectares of cropland (including 10 hectares of arable land and 5 hectares of meadows and pastures). To be more precise, I converted these figures to the actual total area in hectares of cropland of this farm. I postulated three kinds of soil type: a farm on good soil, on average soil and on poor soil. I also postulated three locations for the farm: in the highest (I), average (II) and lowest (III) tax district.

For 1985, I computed the tax both in rye and in money. For the years after 1986, I computed it only in rye since the future prices of rye are not known.

Because of lack of space, I cannot include all the figures obtained. I am presenting only their range, and this in only certain areas, but these should give the readers some idea of their size. Let me repeat that this is only an example (with the accepted ratio between the kind of crops and the area of various quality classes).

Thus, the spread between extreme variants is as follows:

The spread of the tax in money for 1985 in zlotys per physical hectare of a farm (15 hectares of cropland) for tax district I is from 3325 zlotys to 1015 zlotys, and for a farm located in tax district IV, from 2555 zlotys to 622 zlotys.

In turn, the level of tax computed in rye per physical hectare of cropland in tax district I for 1985 is from 1.90 quintals/hectare to 0.58 quintals/hectare, and for 1986, from 3.17 quintals/hectare to 0.98 quintals/hectare.

In tax district IV, the level of this tax for 1985 ranged from 1.46 quintals/hectare to 0.35 quintals/hectare and for 1986, from 2.43 quintals/hectare to 0.59 quintals/hectare.

Thus, the greatest charges due to the agricultural tax, in quintals of rye, amounted to from 1.9 to 0.35 quintals/hectare in 1985; in 1986, they were from 3.17 to 0.59 quintals/hectare of physical surface of cropland for a farm computed on the basis of the quality of the soil and the tax district.

Since the agricultural tax is a linear tax, its amount does not depend on the total area of cropland of a farm, but only on the structure of its land use and on the proportion between the quality classes of the soils. From these aspects, the more production the farmer gets per hectare of cropland, the lower will the tax per unit of production be, and therefore, the more profitable will his production be.

2950

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POLAND

SOCIALIST, CAPITALIST LARGE FIRMS GOVERNED BY SAME LAWS

Warsaw ZYCIE GOSPODARCZE in Polish No 2, 13 Jan 85 p 14

[Article by M. K. : "A Little Semantics, a Little Rhetoric"]

[Text] The subject of the report, "The Enterprise and Initiative in the Economy," delivered by Dr Marek Greniewski at the Economic Organizations Club of the Polish Economic Society in December of last year, did not attract very many listeners or participants in discussion. The lecturer concentrated on what one could call collective initiative. The initiative of the individual no longer determines the success of great economic undertakings. This fact is brought about by the large capital-intensiveness of technology, technical progress, and the related organizational progress. It is precisely group initiative that is meaningful in the process of administration; time has eliminated one-person management. This statement created reservations, which resulted more from misunderstandings of a semantic nature than from essential differences of opinions. The explanation of the lecturer to the effect that the rule of shared analysis of a problem and the examination of alternatives is binding even when the rule of a one-person decision is kept extinguished the controversy.

The thesis concerning the identical nature of the laws governing large enterprises, regardless of the sociopolitical system in which they function, turned out to be considerably more controversial. The initiative of groups governing large industrial organizations is not directed toward gaining considerable profits in a short time, which is characteristic of small enterprises, but mainly toward assuring means for development. In other words, drawing from the classics, extended capital replacement is the basic condition for the stability of a firm. This truth, to whatever extent one is aware of it, is binding in the East and in the West. The effectiveness of undertakings and their consistency with the assumptions of socioeconomic policies, or more generally with social interests, is of course controversial.

A guest of the club also noticed similarities between large enterprises of both systems in generating inflation. In Western countries this results from the possibility of deriving profits from multiplier effects

and not by means of ruthless exploitation of workers. These enterprises, wanting to avoid conflicts, raise salaries and thereby set the spiral of inflation in action.

From our native soil, the lecturer drew the significant fact that a gross of subsidies are given to industrial giants, which sooner or later finds reflection in the wage fund, and from there it is one step to inflation. It is also true that in both cases industrial giants are independent of the market but at the same time can shape it and, which is essential, they have an unquestioned influence on the policies of the state.

This attractive thesis, though justified only in short, caused a violent controversy. An opponent indeed borrowed from the classics, taking a breath on high C, and he did not avoid summarizations, superficial arguments and insinuations. This in truth livened up the atmosphere, but it left the listeners with an unsatisfied feeling.

A debate of a semantic nature, whether "a group initiative is the action of people which assures at least positive enterprise capital replacement," or whether "it is a purposeful and active attitude toward reality" did not warm the listeners to discussion. Voices indicated that realities and the practices of economic life, in which the initiative can or cannot be fulfilled, were closer to them. Realities are instruments which create certain forms of behavior rather than others in management staff. In other words, it is precisely the instruments which cause initiative (commonly understood as the spirit of enterprise, resourcefulness, efficiency, inventiveness) to find vent in increasing the splendor of the firm instead of giving socially accepted benefits.

12432

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POLAND

LATEST ISSUE OF ECONOMICS SOCIETY JOURNAL REVIEWED

Warsaw ZYCIE GOSPODARCZE in Polish No 3, 20 Jan 85 p 15

[Article by M.: "Without Demagoguery"]

[Text] In the introductory remarks "From the Editor" of the last issue of WEKTORY, approaching economic issues from the position of a "pure" economy is judged critically. One observes, we read there, "in some economic circles a characteristic, narcotic hunger for a 'pure' economy. This hunger is expressed above all by the acknowledgement that occupying oneself with economic problems should boil down to copying old, hackneyed 'pure economic' schemes of discussion and considerations, to making a set of economic conclusions drawn from /seemingly economic/ (WEKTORY's emphasis, footnote by M.) problems, to formulating overly narrow recommendations and postulates, and finally to certifying that a restricted, even antisocial attitude toward economic matters is synonymous with the professionalism of an economist."

One interesting journalistic item is the translation of an article by the Hungarian author Marton Tardos entitled "Further Development of the Economic Reform." Among the main trends in the present strategy of reform in Hungary this author includes a uniform, normative regulation of enterprises (regulation differentiated according to enterprises and types of costs should not be maintained), making regulators objective, making taxes dependent on engaged resources ("sources of economic forces"), and pushing "into the foreground the problem, unsolved up to now, of the regulation of global demand in the national economy." Besides the sphere of regulation, the main direction of the economic reform in Hungary is, according to this author, the further development of institutional foundations for the self-dependence of enterprises.

The articles by the following authors also deserve attention: Jerzy Lisikiewicz ("Innovations of Industrial Organizations") concerning barriers and checks negatively influencing the inclination toward innovations in the existing realities of the functioning of enterprises; Wojciech Brzost ("The Technological Gap") concerning different alternatives for lessening (in a period of 5 to 15 years) the technological gap, from a pessimistic alternative, in which this gap remains at the present level (in the so-called worst case it was estimated for 15 years), to an optimistic one; Bogdan Kacpura ("Activity of an Organizing Service") concerning the real lack of this service in Polish enterprises; Zbigniew R. Wierzbicki ("Let's Make Use of Bank Rates", the title of which

speaks for itself); Slawomir Wymyslowski and Wladyslawa Zborowska ("Evolution of the Price System") concerning excess managing of prices and insufficient regulation of prices by means of economic methods and the like.

The problems broached in these articles undoubtedly have professional value. Some of them concentrate on selected instrumental questions (some might even say narrowly instrumental), but this is surely not a drawback, especially since they constitute a factual and critical analysis of the real functioning of this or that mechanism.

Is the mistake then in actuality inherent mainly in the excess of professionalism of economists, in their supposedly narrowly instrumental approach to economic issues? Is not the professional and instrumental weakness of solving economic problems an even greater menace? Does not the problem often consist of the protection of this weakness by cheap social or constitutional demagoguery?

Such questions, under the influence of having read the article entitled "Work and Socialism" with the heading "Proposals of the Editor," occur. Jozef Lipiec in this article declares himself in favor of a supposedly "radical" and "uncompromising" program of assigning an appropriate rank to work in socialism, but he does not go beyond this extremely general thesis. The statement that reform activity in socialism "is dialectical and revolutionary but its basis is dialectical materialism" is perhaps too little, with regard to the demands of the readers of WEKTORY.

Similar doubts also arise when reading the article by Roman Karpinski. This author thinks that he has presented "indispensable undertakings which would offer a chance for breaking the process of Polish society growing into the conditions of some kind of 'lower-middle-class socialism.'" What does this author propose? He proposes a review of apartments under the supervision of worker-peasant inspectors, introducing obligatory intervention of the state in selling apartments, used automobiles, and other property and the like, and also, among other things, reinstatement of direct central planning...

If overly narrow professionalism sometimes appears in the propositions of economists--I am still returning to the introductory word "From the Editor"--this gap was surely not filled by the two articles mentioned. I did not find, however, in this issue of WEKTORY articles referring to, for example, the self-government question, although precisely this direction of reforms should influence the real socialization of the economic policy in Poland. There is also a lack of an attempt to relate, for example, to the system of social consultations, not to mention other more developed forms of participation of the society in the socialization of the economic system.

On the cover of the issue of WEKTORY--which it ought to live up to--a picture of Oskar Lange appeared together with a sentence with very significant contents cited from his writings: "Acquaintance with the general laws of social and economic development and the general analysis of the basic processes of the building of socialism is no longer sufficient. What is needed is a detailed, concrete scientific analysis of these processes."

12432

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POLAND

FARMERS POLLED ON AGRICULTURAL POLICY

Warsaw GROMADA-ROLNIK POLSKI in Polish 15 Jan 85 p 9

[Public Opinion Research Center poll: "Farmers Talk About Agricultural Policy"]

[Text] The opinions of private farmers about political and economical decisions that affect agricultural production were polled by the Public Opinion Research Center in 1984. The main goal was to sample public reaction to certain proposals and to changes they can cause and to ask what consequences for their farms the farmers anticipate in this connection and what measures they would take.

In order to collect opinions about the government's policy toward private farmers, a straight question was asked: Have there been in recent years decisions favorable for running private farms? A large number (42 percent) of the farmers polled declined to express a definite opinion. Twenty-two percent confirmed that there were such decisions, 36 percent that there were not. Those who perceived such decisions named, in particular, the law that guarantees land ownership and the constitutional act that guarantees government assistance to private farms; measures that facilitate the buying and exchanging of land; fair prices at which milk and grain is purchased from the farmers; slightly improved prices paid for cattle; government credit policy; the introduction of retirement for agricultural workers. It is significant that decisions favorable to private farming were more often appreciated by farmers with higher levels of education and by those active in political parties and social organizations.

Among the unfavorable events, the farmers named the declining profitability of production; disproportionally low prices of cattle and high prices of machines and tools; heavy taxation and high interest rates on loans, etc.

The questionnaire also included an estimation of the profitability of running private farms and questions on relations between prices of particular products. Potato growing turned out to be the most profitable, in the farmers' opinion. This was followed by dairy products, cattle and grains; swine were at the bottom of the list. Only 17 percent of respondents considered raising hogs to be profitable.

The relations between prices of particular products dissatisfy the farmers. Only prices of milk, grain and potatoes are considered to be in the right proportion. The rest are believed unfair; most farmers think that prices of cattle are too low compared to prices of grain and potatoes.

Plans that farmers make for their future correspond to their estimation of the government's agricultural policy and the profitability of production.

A decided majority want to stay on the farms and believe in developing the personal and professional future of their children by continuing their own work. Among the reasons for this attitude were belief in the profitability of farming and in chances of growth on the farm, and simply the family tradition. The 14.3 percent that do not want their children to remain farmers most often gave such reasons as hard work, no chances of a turn for the better, low estimation of their achievements and production capabilities, unstable government policy.

One question related to a subject that was very topical at that time, changes in the principles of calculating taxes imposed on farmers. (The corresponding bill has since become a law.) The farmers were not very familiar with these principles, and 47 percent did not know them at all. The majority (60.9 percent) were willing to accept an average-size tax, up to 150 kg per conventional hectare; 21 percent agreed to a higher tax, and the rest had no opinion on this issue. To the question of how their attitude might change after the introduction of the new tax, about half of respondents said they would continue working as before, 25 percent planned to intensify production without expanding their plots; 12 percent wanted to intensify production and enlarge their plots, and the remaining 13 percent declared that they would resign from farming or reduce production.

Certain questions pertained to the expectations of and attitude toward the agricultural policy of the government. The supply of agricultural machines and tools was considered the most urgent problem, followed by the need to stabilize agricultural policy and improve profitability, improvement of the quality of machines and removal of regulations on their purchase, lower prices of machines and tools and their service, etc.

In general, the poll showed that farmers evaluate the agricultural policy of the state in an objective and constructive manner, although with quite a few reservations. It is significant that the most criticism is directed toward issues, the correction of which will benefit not only farmers but the entire society. Such are, for example, disproportions in the prices of particular products or problems related to the development of production. Social expectations were second to production concerns. This is a definitely positive phenomenon; however, it has also been shown that the critical attitude among the farmers is not to be ignored.

ROMANIA

FOREIGN TRADE PRIORITIES, PROSPECTS REVIEWED

Bucharest REVISTA ECONOMICA in Romanian No 52, 28 Dec 84 pp 8-10

[Article by Alexandru Putu]

[Text] A basic component and basic guideline in the broad program of social-economic development set out by the 13th party congress is Romania's more and more active participation in world economic circulation.

As Comrade Nicolae Ceausescu pointed out in the report to the 13th party congress, "An important role in fulfilling the provisions of the future 5-year plan is being played by development of international economic relations and cooperation in production with other states."

Romania has taken action in the years of building socialism, particularly following the 9th party congress, and will continue taking action with greater intensity to broaden international economic relations and cooperation in production, science and technology with all world states, regardless of their social system, on the basis of the principles of respect for independence and national sovereignty, equality of rights, noninterference in domestic affairs and mutual advantage.

Impact of the Rise of Industry and Agriculture on Participation in World Economic Circulation

Romania's rapid rates of development of economic exchanges in recent decades have lasting support in the great economic achievements obtained by the Romanian people under the party's leadership in building socialist economy. In the last 40 years industrial production rose more than 100 times while agricultural production rose around 7 times. On this basis there has been continuous development of the national wealth, with fixed assets being 16 times greater than four decades ago. At the same time a diversification of Romanian industry took place due to the powerful development of the processing branches, including those bringing technical progress.

The multilateral and sustained development of the national economy has permitted Romania's more and more active participation in the international division of labor and in the world circulation of material and spiritual values. The volume of foreign trade presently is around 40 times greater than in 1950, with foreign commercial exchanges and international economic cooperation thus becoming an important aspect of all economic activity, with an important contribution to

creating the national income and to increasing the national wealth. The development of the processing industry, for which a number of progressive people had been militating even in the last century, among whom were economists, and had recorded certain successes in the period between the two world wars barely in the years of building socialism asserted itself at the level of exports in its most important components: machine building, chemical products, industrial consumer goods. In step with the progress obtained for the economy as a whole, foreign trade obtained important results, not only from the viewpoint of quantity but of quality as well, in this regard the important changes which occurred in the structure of Romania's foreign exchanges being notable as well as the capacity of the Romanian economy to engage in massive exports of machinery and equipment, chemical products, industrial consumer goods as well as complex exports of big and powerful industrial projects in the area of construction, transportation, agriculture and the social-cultural area.

As a result of Romanian industry's entrance into the stage of intensive development, on the basis of the provisions on the continuing development and modernization both of industry as well as the other branches which produce for export, and the priority development of areas of high technical and technological concentration, a sustained rise in Romania's foreign trade and increase in the efficiency of Romania's participation in world economic circulation are planned. In 1985, the last year of the current 5-year plan, the volume of foreign trade will rise 15 percent, a particularly high rate bearing in mind the contradictory conditions of the world economy, while in the next 5-year plan this volume will rise 41-45 percent compared with the 1981-1985 period. It should also be pointed out that the average annual growth rate of the volume of foreign trade---7.1-7.7 percent for the 1986-1990 period---is higher than that forecast for social product and industrial production, which shows the more and more important role of Romania's participation in the international division of labor in broadened capital replacement of production forces. This evolution also fits into the long-lasting trend of the world economy in which the process of deepening economic interdependencies between states continues, despite temporary vicissitudes.

Truly, in the multitude of plans drawn up at the world level--both the most optimistic ones as well as the most moderate ones--which take into consideration the hypothesis of overcoming the system of crises which led the world economy to the brink of economic financial disaster, what is stressed as a primary constant is deepening of the economic interdependencies through exchanges of goods unchained by the current protectionist and discriminatory measures, through cooperation in production, science and technology in forming cadres of specialists through the exchange of information useful to the progress of each national economy and all taken together. The high share which export has in the production of products such as oil equipment, tractors, motor vehicles, metal-processing machine tools, furniture, other consumer goods at the same time shows the complex impact of foreign trade in economic growth, in use of production capacities and labor force, in creating the national income and so forth. At the same time, imports make an important contribution to supporting the programs of development of the national economies, particularly those of raw materials, fuels and energy.

Active Commercial Balance--A Basic Condition for Currency Balance

Export, whose volume is to rise 52-56 percent, will see a more emphatic rise in the next 5-year plan, insuring that large surpluses of the commercial balance are obtained.

Following a prolonged period in which our commercial balance resulted in deficits, through sustained efforts the situation has reversed itself in recent years; in 1982 a surplus of \$1.8 billion was recorded and in 1983 it was 2.4 billion. This orientation mainly is based on the requirement to eliminate in the shortest possible period the foreign debt accumulated under certain conditions, particularly complex ones, particularly as a result of the international economic and financial-monetary crisis but also of certain domestic economic contradictions. Among the countries with debts, Romania is one of the few which through its own effort has succeeded in paying off a portion of the foreign debt in the first half of this decade. Keeping in mind the continuing maintenance of international monetary instability and high interest rates, which are making credits hard to get, Romania has proposed to completely eliminate its foreign debt. In this regard, in his report to the 13th congress, Comrade Nicolae Ceausescu pointed out: "We will have to take all measures to achieve an active commercial balance and balance of payments, taking firm action so that in the first years of the next 5-year plan we can completely eliminate the foreign debt and can consolidate the state's currency reserve."

This important goal means continuing to obtain surplus commercial balances. Whereas in recent years these surpluses mainly were obtained by reducing imports, in the next period what will move to the forefront will be more emphatic promotion of exports on a stable base provided by the sustained development of production for export and rise in its quality through intense activity of commercialization, through long-term contracts and other promotional measures. Correlated with making imports a sensible size, taking into account the real requirements of the national economy, the increase in exports fits like a definitive feature into an economic policy based on preserving a durable balance in foreign economic relations, as well as into general economic growth. Establishing an optimum ratio between volume of exports and of imports is the result of numerous factors with profound long-term consequences in the evolution of the national economy, in promoting scientific-technical progress in the economy, in using existing production capacities in the investment policy, too, in providing the economy with raw materials and other necessary products, in diversifying the consumption fund, in providing the necessary payment resources for reducing and, if possible, avoiding negative effects due to monetary instability and the high interests which have become the rule on the world market.

The Decisive Impact of the Structure and Quality of Production for Exports on Efficiency of Participation in the International Division of Labor

Conditions for the rise and economic efficiency of Romania's foreign trade in the 5-year plan coming and in the entire period remaining until the end of this century are a number of factors, among which a priority role is played by the development of export production, gradual restructuring and firmer rise in its quality. The directions for development set out by the 13th party congress proceed from the careful analysis of realities in the Romanian economy and from the trends demonstrated at the world level, from the requirement for the Romanian economy's fitting into the international division of labor with greater efficiency. The stage reached by the development of Romania's production forces, the experience gained in macro- and micro-economic leadership, the scientific and technical forces which the national economy has available make it possible to have a decisive transition to intensive development, in which the growth in

labor productivity, superior utilization of material and human resources with greater efficiency and rise in the quality of production are in the forefront. This represents not only an opportunity but also a basic requirement for further progress of the Romanian economy and for having it fit more advantageously into world economic circulation. As Comrade Nicolae Ceausescu, party secretary general, pointed out, "Let us propose that in the next 5-year plan Romania's industry maintain and consolidate its positions, conquer other, new ones, rise to an even higher level to be competitive in order to hold a place closer to the front in the world economy from the viewpoint of technical and quality level." Under conditions of the modern scientific-technical revolution, when mankind is facing profound technical and technological changes which--in accordance with prognoses worthy of being taken into consideration--in several decades will change both the economy as well as the people's way of life considerably, it is natural and fully necessary for each country to be deeply concerned with its macro- and micro-economic strategies both the short-term and medium-term as well as long-term ones. The prospects of exhausting some natural resources which cannot be regenerated mean that this problem should be posed more and more, very carefully, particularly in the countries which have available modest reserves of these natural resources, such as Romania.

Under these conditions, with even greater attention we must analyze the risks involved in organizing export production based exclusively or decisively on resources obtained from abroad. We have in mind the risks which may appear on one hand in the area of obtaining the imported resources (price explosions, restrictive policies in the exporting of certain resources on the part of the countries holding them, big transportation expenses and so forth) and on the other hand in the area of exports (lack of outlets, reduced competitiveness of some of the products exported, the protectionist policies of commercial partners and so forth).

The program to promote technical progress and more emphatic development of the production of certain goods which utilize natural resources on a high level, one of intelligence and labor, provides the conditions for the quantitative rise and efficiency of Romania's foreign trade in the next 5-year plan and looking toward the future. Also fitting along this line are the provisions for the share of industrial products produced at the high world level to reach nearly 95 percent of the total in 1990 and 2-5 percent of production should reach performances higher than this level. Implementation of the bold program requires the commitment and moral and material incentives of immense forces--both of the creative forces, the research and design forces and well as those executing them, thus creating a broad movement to raise quality to the level of all links, primarily in the education and research units and the production units, those places where product quality is decided. Sensible use of the rise in product quality as a basic element in more powerfully penetrating the world market and raising the efficiency of exports in the next 5-year plan and in the last decade of this century at the same time mean a vast action of creation and assertion, through sustained promotional activity, of certain brands of Romanian products on the foreign markets.

Together with raising the quality of the products exported and with strengthening discipline for respecting quality for all the products exported in general, (given the fact that currently Romanian exports include many quality products)

what has become clear is the requirement for broad activity to restructure export production. This action fits into the program to modernize the entire Romanian economy as drawn by the 13th party congress. This restructuring becomes possible and necessary under the conditions of the intensive development of the national economy in numerous areas. For example, utilization of metal through export production, under conditions where Romania's iron and steel industry is based decisively on the importing of iron ores, of other ores and mineral products, coke and coking coal, surely will endure considerable structural changes with regard to increasing the degree of utilization of a ton of products through deeper processing. These changes are necessary, proceeding even from the metallurgy phase; for example, the share of thin plate and belts in total production and exports must rise considerably, at the cost of thick plate (whose share today in Romania is one of the highest in the world). The basic role in utilizing metal for exports will continue to be carried out by development of the production of machine building and faster improvement in its structure. As a result of the Romanian Communist Party's policy of powerful industrialization of Romania, which has given and is giving priority attention to machine building, the products of this branch represent around one-third of Romanian exports. The goal of having more than 96 percent of production-goods of this industry being comprised of new and redesigned products, situated at a high level of technical performance and quality, will create solid conditions for the development of exports and increase in their efficiency. Among the export priorities for this branch we mention the means of transport, technological equipment, mining, oil equipment, energy equipment, agricultural machinery and equipment, electronic and electrotechnical products and so forth. An analysis of these directions of development of export production looking toward the next 10-15 years shows on one hand taking into consideration certain areas in which we already are at the level of world requirements with regard to competitiveness and, on the other, priority development of the production of these products which provide for high utilization of material and human resources through a very high technical and technological concentration.

Important changes in the structure of the export supply also will be seen by chemical products, placing the emphasis on the complex and low-tonnage ones, which gives a higher degree of efficiency and utilization of raw materials.

A clear trend to shift toward high-quality goods will be seen by the export supply and that of the other branches of industry and agriculture.

The Important Role of Leadership and of Foreign Trade Techniques

The quality of results in the participation of the Romanian economy in the international division of labor in the coming years and looking further into the future, toward the year 2000, depends on continuing to improve the economic-financial mechanism and the plan-market relations in foreign trade activity. Substantiation of the foreign trade plans and programs requires, particularly under current conditions of the world market, thorough systematic knowledge both of the real capacity of one's own supply, on scientific criteria, as well as of the competition's supply as well as an analysis of demand as it rises in the foreign markets. As such, fulfillment of the mobilizing tasks established by the 13th party congress with regard to the development of foreign trade and increase in its efficiency requires intensification of research of the world market, implementation of this activity, with full professional competence,

regularly and permanently. (The firms in the developed industrial countries which in recent decades have obtained notable successes in export activity have based their expansion on considerable efforts in the area of knowledge of the foreign markets and implementation of marketing strategies on these markets with adequate resources.) Along with research into the foreign markets, a sustained and intelligent activity of commercial publicity, of introducing prestigious Romanian brands into world circulation by adequate commercial resources, as well as "service" appropriate to the high current demands can contribute to a large extent to raising the competitiveness of Romanian goods and to durably and efficiently promoting foreign commercial exchanges. The diversity of conditions in which action is taken on the world market as a result of the particular features both of various groups of products as well as, in particular, of the foreign markets requires continual improvement of the commercialization strategy, adequate use of some of the many methods and techniques of commercialization practiced at the world level. Thus, a number of Romanian enterprises already have gained rich experience in participating in international auctions. More sustained activity to improve this participation--through satisfying the "notebooks of tasks" or "of conditions" presented by the foreign partners with more efficiency and strictness, through providing prices in the supply which fit into the real evolution of the requirements of the foreign markets and through irreproachable respect for the contracts concluded following the auctions--will place Romania's foreign trade units in a much more favorable situation on the world market and will result in an increase in the number of auctions carried. Also, the extending and, in particular, the varied use of double recording with greater flexibility will increase their contribution to promoting Romanian exports, to satisfying import requirements, avoiding monetary risk and preserving a convenient level for the commercial profit and of the currency contribution.

The competence and creativity of the technicians, economists and other specialists from Romania are being demonstrated and recognized broadly; through more sensible use of this potential and through adequate export management, in the coming period we will be able to utilize Romanian intelligence in increasing proportions in international economic relations through the exporting of consulting-engineering, know how, licensing of invention patents and so forth. These exports, important in themselves, also have a role--which in some cases proves to be a basic one--in promoting the sales of machinery, equipment and complex installations. An important place in the rise of our foreign trade in the coming years could be held by commercial operations intended on a priority basis for currency contribution--reexporting, switch operations, stock market and leasing operations and so forth. In recent years we produced a reduction in their value volume; the restart and extending of these operations depend on numerous factors, among which are monetary reserves, competence and moral type of the commercial workers, the attitude toward high risks in these forms of foreign trade, flexibility in evaluating the results (making them be in proportion to certain periods and not to each operation separately). The fact that many commercial operations take place under risk conditions should be considered not only through the prism of the eventuality of losses but also through the prism of the possibility of obtaining gains if the commercial act is prepared and carried out by specialists with a training and experience which corresponds to the modern complex demands.

A Broad Opening toward International Economic Collaboration and Cooperation

International economic collaboration and cooperation, an important component of our party and state policy, play an important role in Romania's foreign trade relations, and they will play a greater role. Currently Romania maintains economic relations with around 150 countries on all continents. As a result in particular of the efforts made by our country's president, Comrade Nicolae Ceausescu, Romania has become among the most active countries in promoting cooperation as a modern form of international economic relations and in instituting and finalizing this cooperation. Numerous actions of this kind, such as the joint production companies, trade companies or in the barter area, subproduction or subcontracting actions, production by order, delivery of equipment on credits repaid in products, joint programs of scientific research and joint supplies on third markets—if they are prepared well and carried out in an adequate contractual framework and supported by an economic activity which corresponds to the requirements—bring stability and sure mutual advantages and they can contribute effectively to the development and modernization of the Romanian economy and of the partner countries and to the supply of machinery, equipment, raw materials, fuel, energy under the advantageous conditions of the national economy as well as consumer goods which would diversify the supply on the domestic market to satisfy the population's requirements. This year, according to preliminary estimates, through actions of international economic cooperation more than 27 percent of Romanian exports have occurred and nearly 20 percent of raw materials needed by the national economy has been provided. The development of economic cooperation is closely tied with deepening the international specialization of production, which in turn is proving to remain a primary requirement in achieving high competitiveness of the products for all countries, particularly the small and medium-sized ones.

Extending and improving the activity of cooperation and international specialization of production fit in as basic requirements for placing the Romanian economy in a better and better position in the international division of labor in the next 10-15 years.

In the center of attention for our party and state is the permanent concern with extending and deepening relations of economic collaboration with the socialist countries, which represent more than 50 percent of the total volume of Romania's foreign economic relations. Romania will take consistent action to extend and deepen economic and technical-scientific collaboration in CMEA in the interest of the social-economic development of each member country and of strengthening the prestige of socialism in the world. Placing the development of friendship and collaboration with all the socialist countries in the center of its foreign policy, Romania at the same time will extend economic relations with the developing countries and will strengthen solidarity and cooperation with these states for the purpose of providing for their economic and social progress. At the same time, Romania will develop economic relations with all states in the spirit of the principles of peaceful coexistence, regardless of social system, including with the developed capitalist countries. In this broad process what will be sought are Romania's greater participation in cooperation and specialization with other countries, achievement of long-lasting agreements which provide for development of exports as well as imports on stable bases in the future as well as extending of higher forms of cooperation.

Consistent with the principles of foreign policy promoted up until now, Romania will continue taking action to eliminate underdevelopment and to achieve new international economic systems which permit the development of commercial exchanges and economic cooperation on equitable and fully democratic bases and which provide for active participation under conditions of mutual advantage of all countries in world economic circulation and with access being without restrictions to science and modern techniques, elimination of all barriers and discriminations in relations among states. In accordance with its traditional policy of developing relations with all states, socialist Romania in the future, also, will take action, as Comrade Nicolae Ceausescu has stressed repeatedly, for continued broadening of its foreign relations, with the conviction that this orientation fully corresponds with the vital interests of the Romanian people, the cause of peace and understanding in the world.

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ROMANIA

ECONOMIC PLANS STRESS ENERGY, RAW MATERIALS INVESTMENT

Frankfurt/Main FRANKFURTER ZEITUNG/BLICK DURCH DIE WIRTSCHAFT
in German 18 Jan 85 p 2

[Article: Romania's Ambitious Goals]

[Text] The 1985 Romanian economic plan decided on in December, by virtue of its very growth goals, seems to be partially frosted over, even if one starts with the premise that the economic recovery, which has been conjectural up to now, will continue. With growth of the national income planned for 10 percent in real money (prices as of 31 October 1984), a debt growth is projected that reminds one of the stormiest phases of Romania's post-war industrialization. But domestic as well as foreign economic conditions make such an economic growth today quite implausible. Already the 7.3 percent increase in national income planned for 1984 raised doubts as to its feasibility, after the 1983 national income - the most important worldwide growth indicator - had increased only by 3.4 percent.

According to the projections of the economic leadership, value of industrial goods production will increase by 7.5 percent in 1985 (1984 plan: 6.7 percent, 1983 actual growth: 4.8 percent). The value of the industrial net production in the new plan is fixed at a surplus of 13.5 percent (1984 plan: 9.9 percent; actual 1983 surplus: 5.1 percent). The 1985 cornerstone values planned for agriculture also turn out to be quite optimistic. The gross production value is to increase by 6.0 to 6.8 percent (1984 plan: 5.4 to 6.0 percent; 1983 actual growth: minus 2 percent). The net production value is to increase by 9.0 to 10.0 percent (1984 plan: 8.9 percent; 1983 actual growth: minus 3.4 percent). Likewise, the investments this year are to expand powerfully; that is, by 8.3 percent (1984 plan: 4.0 percent; 1983 actual growth 2.9 percent).

In foreign trade, they are striving for expansion of the trade volume in 1985 by 15.0 percent (1984 plan: 13.8 percent; 1983 actual growth: 1.4 percent). Apparently, an essentially increased effectiveness in all areas is seen as the main wellspring for the future growth in the economy. This can also be seen, for example, from the fact that work productivity in industry is to increase by 14.7 percent (1984 plan: 8.0 percent; 1983 actual growth: 2.7 percent).

In 1985, 250 "meaningful" new production sites in industry and agriculture are to pick up activities. This year, investment funds are to be used first and

foremost for projects whose conclusion is planned [in the project itself]. The money flows mainly into improvement in the areas of energy and raw materials, improvement of technical levels in industry, realization of irrigation programs for agriculture, agricultural mechanization, and other areas like transportation, reduction in raw material and energy costs, increased recycling, as well as increase in competitiveness of Romanian products on the world market.

Modernization of available capabilities stands in the foreground. A total 146.3 billion Leis are to be invested in industry; 50.1 billion Leis in agriculture, forestry, and water management; 38.3 billion Leis in the building and transportation industries; and 25.8 billion Leis in housing and municipal economy.

In the area of energy, in addition, it means "strict restrictions on the use of liquid hydrocarbons and substituting lignite and other less valuable energy sources for them." Further expansion of heat recovery, increased operation of vehicles with so-called probe gas, natural gas, methyl alcohol, and biogas, as well as an increase in the amount of reusable materials in the raw materials supply is planned. In especially labor intensive production processes (for instance, foundries, forges, heat treatment, metallurgy, chemical industries, and transportation), mechanization and automation are to be stepped up.

As far as foreign trade is concerned, Romania would like to sound out its chances on foreign markets more than it has done up to now. Moreover, diversification in marketing techniques, sales market expansion, better adaptability in product quality to market requirements, and more flexible reaction of production to the market are considered. A steady increase in foreign exchange proceeds from exports is expected. In the government planning document, it is expressly stressed that the completion of on-going importing "is to be carried out in close agreement with realization of proceeds from import and foreign currency." Importation is engaged in "only after a thorough evaluation of necessity and effectiveness", it is said, whereby the balance of trade striven for cannot be endangered. At the same time, the plan foresees, an intensification in international economic cooperation.

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ROMANIA

BRIEFS

WATER MANAGEMENT MEASURES--Bucharest, AGERPRES 13/2/1985--The management of inland waters according to a unitary outlook is a top priority in the Romanian economy. In the last two decades more than 20 billion lei were earmarked for water supply, flood control and water conservancy works. By the end of 1984, storage lakes totalled 3,090 million cubic meters as to 250 million cubic meters in 1965, water-course regulation works were performed along 6,500 km or so (as compared to 1,700 km twenty years ago), while embankment works along 7,050 km (as to 2,300 km). The number of water-treatment stations grew from 919 in 1965 to 4,110 last year. Owing to water-course regulation and embankment works, floods can be controlled in more than 1,400 localities, of which 100 cities like Alba Iulia, Arad, Medies, Tirgu Mures, Satu Mare, Sighisoara (which were affected by floods in 1970), Vaslui, Roman, Birlad, Slobozia, as well as on hundreds upon thousands of hectares of farm land, regulation works were done on such rivers as the Mures, the Someş, the Tirnave, the Olt, the Ialomita, the Birlad, the Jijia, and floods were controlled through permanent or temporary storage lakes. [Excerpt] [Bucharest AGERPRES in English 1315 GMT 13 Feb 85 AU]

NAVIGATION DIFFICULTIES ON DANUBE--Navigation on the Danube from Azias to Braila is disrupted. Owing to ice and low temperatures, work has stopped in all ports from Bazias to Sulina, with the exception of Orsova, Turnu Magurele, and Zimnicea where the activity is laborious. As for the maritime Danube section -- Braila-Sulina -- navigation is difficult because of ice blocks. Activity in the ports of Braila, Galati, and Tulcea is laborious, while in Constanta it is close to normal. The Danube-Black Sea Canal is frozen. [Summary] [Bucharest SCINTEIA in Romanian 20 Feb 85 p 5 AU]

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YUGOSLAVIA

CROATIAN FOREIGN TRADE PLANS, 1985-1990

Belgrade PRIVREDNI PREGLED in Serbo-Croatian 15 Jan 85 p 3

[Article by J. Grubic: "What Is still Uncertain?"]

[Text] Numerous obstacles facing Basic Organizations of Associated Labor (OURs) in planning exports. What export leaders are expecting. Discussions with large businesses on easing the undertaking of greater obligations in foreign trade. Essential programs for structural adaptations directed toward a greater emphasis on exports.

Last year, the metal processing combine plant "Zeljezara Sisak" had sales of \$55 million, a 30 percent decrease from 1983 sales. Foreign sales through 1990 are expected to amount to between \$50 and \$53 million, with clearing transactions accounting for \$18 million annually in the next two years, falling to \$12 million a year after that. Delays in modernization and in development of production capacity in general are responsible for this decrease. As a result, an increase in production cannot be anticipated until the last decade of this century, although even this is by no means definite.

Exports of INA's main products (oil derivatives and gas-based products) are strictly regulated, or even prohibited (domestic oil). Therefore, sales are impossible to plan, even though market estimates for derivatives alone have been estimated at \$150-200 million a year. On the other hand, unrestricted export of bitumen, oil and lubricants, aromatics and similar products could come to \$55 million in 1986, and by 1990, approximately \$83 million. But, even this is uncertain depending on the import of the raw materials required for production.

Semi-Finished Production, for Now a Necessity

"Pliva" is not anticipating an increase in exports over its present annual sales of \$70 million (\$55 million in convertible transactions). If certain plant renovations are completed, an additional, at most, 5 percent could be earmarked for export. Further-more, if the planned plant capacities are completed, which at this point looks doubtful, exports would be significantly increased, especially of semi-finished and basic

products (which are particularly needed in certain developing countries). None of these countries, however, is in the position to pay for these needs, and other business arrangements have not been worked out.

The chemical industry, under the most favorable conditions, can expect annual export growth rates of 10-12 percent for the next six years, and under more realistic conditions, this figure would be halved. Any increase in exports will be determined by renovation of existing facilities, and completion of others under construction (petrochemicals). As it is doubtful that much will be completed before the end of this decade, due to low capital accumulation, until then little new production will be available for export. Furthermore, some chemical products are also regulated by export controls. Nevertheless, if all comparative advantages are employed, total sales could rise from last year's \$534 million, to \$550 million in 1985, and to \$800 million by 1990, with convertible currency trade amounting to 70 percent of sales.

"Borovo" has not yet finalized its export plan for footwear because of uncertain supply and prices (of domestic and imported raw materials). If supply were to normalize, shoe sales could increase by about 7 percent annually, but under the present conditions more than a 3 to 4 percent increase is unrealistic. Consequently, the "Borovo" Complex Organization of Associated Labor (SOUR) must accept semi-finished manufacturing arrangements in which the domestic component amounts to just one-fifth, resulting in little effect on foreign exchange accounts.

Following a growth in exports in 1984, when it had apparel sales of \$24 million, including approximately \$21.8 million in convertible trade, "Varteks" is now planning for foreign exchange earnings of \$29 million in 1985 (with \$25 million in convertible payments), an increase of about 20 percent. The upcoming intermediate plan period anticipates an average annual growth rate of 3.9 percent, which means that by 1990 convertible exports would reach \$29 million, with clearing transactions totalling \$5 million.

Croatia's textile industry has not adhered to the import-export program drawn up by the Yugoslav Economic Chamber (PKJ) either. Total exports could rise 8 percent a year (but not 11.6 percent), with a 10 percent growth rate in the convertible market (but not 13.5 percent), and 3 percent growth in clearing transactions (in place of 10.4 percent). According to these figures, by 1990 total Croatian textile industry exports would amount to approximately \$350 million (83 percent in convertible trade). Even this estimate will be affected by the degree of renovation and modernization of plant and machinery, the transition to higher quality production, the degree to which exports to the EEC, and especially to the USA are maintained, as well as freer association in business operation and more flexibility regarding foreign currency, and regarding imports which would increase annually by 4 percent.

Changes in Regional Distribution

"Rade Koncar" is keenly oriented toward exports in its total business outlook. Thus, placement of 5 percent of total production on the foreign market by 1990, compared with the present 33 percent, seems realistic. Even this calculation, involving a modest annual growth rate of 7.7 percent, is uncertain due to significant anticipated changes in regional distribution, which even this SOUR is in no position to predict. An analysis based on sales alone is no longer enough. In developing countries "Rade Koncar", as well as other machine building and electrical machine building enterprises, will have to form mixed companies for assembly, partial production, and marketing, regardless of how much economic measures will help such a bond with foreign partners.

The construction industry is anticipating considerable international investment projects, jumping from last year's \$342 million to \$445 million this year, and \$718 million by 1990, an annual increase of about 12 percent. These figures assume tremendous activity on the part of construction OURs and the "Ingra" construction and design enterprise, as well as other engineering and consulting organizations, in bidding and contracting for large-scale projects, especially in light of the relatively little business concluded to date. In addition, the system must adjust to, and intensively expand the mechanism for financing these exports on credit (especially for capital goods).

In agriculture, under freer export conditions, total export of basic crop produce, meat products, and foodstuffs could increase from the present \$318 million to \$502 million by 1990, of which four-fifths will be paid for in convertible currency.

Work to be Concluded in the First Three-Month Period

Obviously, present estimates by OURs and their [business] communities adhere neither to the PKJ's import-export program for the Croatian economy, nor to the proportions set by this year's plan documents for the republic, and for the country in general. But, even though the OURs have still not finalized their plans--many organizations have not even drawn theirs up yet--the Coordinating Council of the Croatian Economic Chamber, together with the Croatian Self-Managing Community of Interest for International Economic Relations, have decided to continue with the work ahead, in order to complete it as successfully as possible (by the end of the first quarter of this year, at the latest). Accordingly, concrete talks must be held with all large economic enterprises on the extent to which the burden of greater foreign trade obligations, development of higher forms of business cooperation, and a broadened participation in the international division of labor can be facilitated. The goal is to expedite payments on international credit debt, insure more efficient raw material and capital goods supply, improve the level of technical-technological capability, and above all, make production more dynamic, by applying world-quality standards for efficiency and costs. All this must be discussed in light of an otherwise

PROPOSED IMPORT-EXPORT PLAN FOR GOODS AND SERVICES SR CROATIA, 1985-1990

An Outline Prepared by the PKJ

--in millions of dollars
--\$1=124.80 dinars (1984 rate)

1983	1984	1985	1986	1987	1988	1989	1990	1985-1990 Average Growth Rate
EXPORTS								
--Total								
2,129	2,340	2,620	2,930	3,280	3,678	4,120	4,620	21,248 12
--Convertible Transactions								
1,377	1,430	1,644	1,890	2,170	2,500	2,878	3,305	14,387 15
--Clearing Transactions								
751	881	924	1,008	1,110	1,175	1,245	1,315	6,861 6.9

IMPORTS								
--Total								
2,074	2,276	2,585	2,174	2,964	3,236	3,534	3,859	18,792 9.2
--Convertible Transactions								
1,360	1,517	1,693	1,890	2,109	2,354	2,627	2,931	13,604 11.6
--Clearing Transactions								
714	759	892	824	855	882	907	928	5,188 3.4

dreary outlook for the West European economy, the enormous debt incurred by developing countries, as well as CEMA members, while striving for accelerated technological prosperity.

Programs of economic structural readjustments oriented toward increasing exports, and expediting participation in the transformation processes of the world economy (without which stabilization is impossible) are of special importance. These programs must be completed as soon as possible based on the recently adopted amendments and additions to the law on Foreign Investment in Domestic OURs. Careful attention must be given to this task to accelerate the direct inclusion of foreign investment in prospective export projects (on the basis of state-of-the-art technology transfer, as well as counter-deliveries of our own products, and joint sales on third world markets); and by the first few months of this year, this investment should be included in the investment quotas of the republic's five-year plan.

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